FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,137 Tuesday April 8 1980 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 35; SPAIN Pts 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

NEWS SUMMARY

GENERAL

Oil leak closes Thistle field

One of Britain's most important North Sea oilfields, Thistle, was shut down yesterday after the discovery of an oil leak. The closure means the loss of 120,000 barrels a day—7 per cent of Britain's current production.

A small slick was spotted near the Thistle field, about 130 miles north-east of the Shetland Islands, but this was quickly broken up by heavy seas. British National Oil Corporation, Thistle's operators, said last night that pollution was unlikely. "At no time was life in any danger," the state-owned corporation said.

Three other important fields—Brent, Dunlin, and Cormorant, all operated by the Shell-Esso partnership — were also shut down as a safety precaution but were later back in production.

Guerrillas killed

Five Palestinian guerrillas who seized children as hostages at a kibbutz near the Lebanese border, were shot dead by Israeli troops. Two Israelis, one a child, were also killed. Page 2

Riders' boycott

British Equestrian Federation will not send any three-day event, showjumping or dressage teams to the Olympic Games in Moscow unless the Government changes its mind over calling a boycott in protest against Soviet activity in Afghanistan. Trevor Bailey, Page 13

Forces pay

Tight limits on public spending are to be relaxed to allow higher increases in pay for the armed forces. Back Page.

Gangs clash

Hundreds of youths were arrested when gangs clashed at several seaside resorts, including Scarborough, Clacton, Southend and Brighton. Magistrates imposed fines of up to £650.

Chad truce

Fifth ceasefire between rival armies in Chad is due to take effect today, but neither President Oueiddei nor his opponent, Defence Minister Habre, are confident that the truce will hold.

Hostages freed

Three more hostages held by Left-wing guerrillas at the Dominican Republic Embassy in Bogota since February 27 have been freed. Eleven ambassadors and 14 others are still being held.

Presidency crisis

Turkey is without a president for the first time in its 57-year republican history because political parties have failed to agree on a successor to Fahri Koruturk, who ended his seven-year term.

Welensky ill

Sir Roy Welensky, former Premier of the Federation of Southern and Northern Rhodesia and Nyasaland, was admitted to hospital in Salisbury suffering from an undisclosed illness.

Briefly . . .

At least 13 skiers, three of them Britons, died in Swiss and Italian Alps over the weekend in avalanches and falls.

Japanese Junior Minister Fumio Kamiyama has resigned following a scandal over telecommunications monopoly.

Hail storm killed six people and flattened crops and mud houses in West Bengal.

BUSINESS

PO bid to spend extra £150m

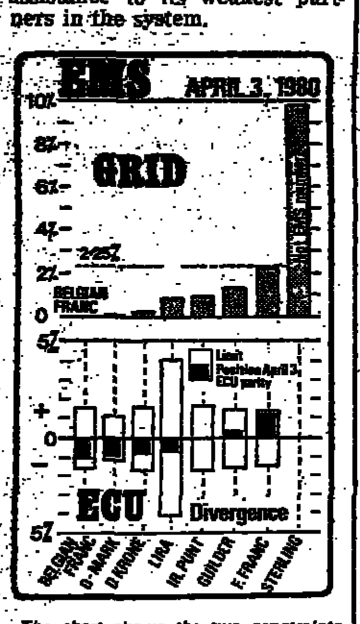
● **POST OFFICE** is pressing the Government to be allowed to spend £150m above its £1.5bn cash limits for the present financial year, mainly in the telecommunications field. Back Page

● **WALL STREET** was down 13.23 to 770.90 before the close.

● **FINANCIAL TIMES** monthly survey of business opinion shows that confidence about prospects for industry and the economy has fallen to the lowest level since 1975-76. Page 10 and Back

● **TREASURY INFLATION** forecasts of 16½ per cent by the end of the year are optimistic, says stockbrokers James Capel. They forecast a rate of 18 per cent. Page 5

● **GERMAN** D-Mark required support against the French franc last week to keep it in the agreed limits of the European Monetary System. The German currency and the Belgian franc were the weakest members of the EMS, and there was intervention by central banks to control the pressures caused by the strength of the dollar. The German Bundesbank and other European central banks sold dollars to stem the U.S. currency's advance, resulting from the continuing upward trend in New York interest rates. With the French franc at the top of the EMS, the Bank of France gave assistance to its weakest partners in the system.



The chart shows the two constraints on the European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● **NEW CAR SALES** are expected to decline sharply this year. Registrations in March were about 163,000, more than 12 per cent below the 183,000 in the same month last year. Back Page

● **GOVERNMENT** is likely to impose staging arrangements without union agreement for 18½ per cent Civil Service pay rise. Page 6

● **TOBACCO** companies are resisting fresh attempts by the Depuartment of Health to negotiate tougher curbs on cigarette advertising. News analysis, Page 4

● **EUROPEAN COMMISSION** is to publish a draft directive on plans to make it compulsory for multinational companies in the EEC to consult with workers and trade unions. Page 2

● **FEDERAL HOME LOAN** Bank Board in the U.S. has taken emergency action to shore up the finances of the savings and loan industry. Page 22

EEC may place overall curb upon Japan TV sets

BY GUY DE JONQUIERES

Proposals to introduce formal EEC restrictions on all Japanese television exports to the Community, in place of the present patchwork of unilateral curbs imposed by most member-countries, are being considered by the European Commission.

The scheme, which would supercede the voluntary import ceilings negotiated annually between UK manufacturers and Japanese television exporters, enjoys strong backing from Viscount Etienne Davignon, EEC Industry Commissioner.

He believes that such an arrangement would provide European television manufacturers with a period in which to restructure and restore their competitiveness by guaranteeing that total imports from Japan would be stabilised at close to recent levels.

The Community would promise Japan, as an incentive to agree to the scheme, that it would be limited in duration—perhaps to five or seven years—after which all restrictions on Japanese television imports would be removed. They might also be offered concessions on other categories of EEC trade.

The plan is understood to be enthusiastically supported by Philips of the Netherlands, Europe's biggest television manufacturer, and Thomson-Brandt of France, which is being encouraged by the French Government to enlarge its EEC market share by an aggressive acquisition policy.

Both companies are particularly keen to consolidate their positions on the German television market. Germany is one of the few countries without any national curbs at present, and the EEC scheme would provide tighter protection against Japanese export competition there.

Philips has a 25 per cent stake in Grundig, its largest outside customer for tubes and Germany's biggest television manufacturer.

Thomson controls Nordmende as well as the tube operations of the ailing AEG-Telefunken, and recently bid for SABA, another German manufacturer owned by General Telephone and Electronics of the U.S.

But the proposals face strong opposition from Italy. Her domestic market is extensively protected from a wide range of Japanese exports by a series of bilateral restraint arrangements maintained with the approval of the Community. She is concerned that a system of EEC curbs might be less effective.

Britain is also cool towards the plan. Industry fears that it would not provide adequate safeguards against an increase in television exports from Japanese-owned plants elsewhere in Asia, and that Japanese sets might be transhipped to Britain via other Community countries.

Outlines of the plan have been discussed with Japanese Government officials, who have apparently expressed willingness to examine it further.

There is some uncertainty, however, over whether the Commission can introduce the scheme on its own authority. Some of Viscount Davignon's advisers believe that it can, but Governments opposed to it may insist that it be submitted to the EEC Council of Ministers for approval.

Seagram in move to sell $2.3bn U.S. interests

BY IAN HARGREAVES IN NEW YORK

SEAGRAM of Canada, the world's largest distiller, is considering sale of its extensive U.S. oil and gas interests for a figure in excess of $2.3bn.

The Sun Company of Pennsylvania, tenth largest U.S. oil company, said yesterday that it had offered $2.3bn in cash and floating-rate notes for most of Seagram's Texas Pacific subsidiary.

Seagram later confirmed receipt of the offer, but added that it was considering proposals from other oil companies, opening up the possibility of another major bidding war in the U.S. oil industry.

Although it is known primarily as a producer of alcoholic drinks, Seagram's energy interest contributed about 22 per cent of its $278m operating income last year. Sales were more than $2.5bn.

There was some confusion about Seagram's attitude toward a proposal which will flood it with liquidity.

Some oil industry executives suggested that Seagram had been actively seeking buyers for its energy property for some time. Other analysts recalled that not long ago Seagram was actively bidding to extend its North American oil and gas activities.

"There is no way that Seagram could sensibly employ $2.3bn in the distilling industry," said one analyst.

Another complication is the fact that a third of Seagram's stock is owned directly or indirectly by the family of Mr. Edgar Bronfman, the company chairman.

Malt sales to Japan cut, Back Page; News Analysis, Page 5

Sun's bid, in addition to the $2.3bn, also offers $400m for capital expenditure commitments.

Seagram would be allowed to keep a 25 per cent so-called "reversionary interest" in Texas Pacific's U.S. energy production facilities, and 49 per cent in its unexplored U.S. energy field acreage.

This retained share would be dependent on Texas Pacific meeting so far undisclosed criteria on financial returns.

The deal would almost double Sun's 4m acres of unexplored energy territory.

Texas Pacific produces about 35,000 barrels of oil a day, and more than 130m cu. ft. of natural gas. Proven U.S. reserves are 120m barrels of oil and over 300bn cu. ft. of gas.

Sun at present produces 167,000 barrels of oil a day in the U.S. Its offer remains open until Friday.

Seagram has publicly expressed interest recently in various diversifications and acquisitions. The largest of these was the recently completed takeover for $37m of the George Sandeman sherry company.

The company has looked at acquisitions in packaging and other consumer-related sectors.

In addition to Texas Pacific, Seagram has much smaller oil and gas interests in Canada and Thailand.

The company's U.S. interests centre in the Wyoming Overthrust belt, now the source of great excitement in the oil industry about possible new finds, and in the Gulf of Mexico.

BP to purchase oil from BNOC

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM is about to sign a contract with the British National Oil Corporation for a new supply of North Sea crude oil. It is understood that BP will buy about 200,000 barrels a day from the state corporation in a move that should ease its supply problems.

The proposed deal is a sensitive issue within BP, the BNOC, and the Department of Energy. It is thought that BP has indicated that some of the extra supplies may be exported to BP affiliates overseas. Because of the group's oil supply pattern, not all of the BNOC oil may be needed in BP's UK refineries.

If this is so, there could be some political criticism that BNOC is making oil available for export at a time of uncertainty in the international oil market. Continental governments may be disappointed that a large volume of UK state-controlled oil supplies, which could have been made available to EEC partners, is about to be committed to BP.

It is likely, however, that much of the oil exported by BP will be used in the group's affiliates in Common Market countries—thus contributing to the Community's overall supplies.

BP said last night: "It is generally known that we have been talking with BNOC for some time. As with all our supply deals, we cannot comment while negotiations are in progress."

The deal will bring to a head months of negotiations. BP has been anxious to gain access to more North Sea oil because of its loss of supplies from traditional sources in the Middle East and Africa.

Until 1978 BP was in the happy position of having much more crude oil than it used in its own refineries. As a result, it was one of the biggest sellers of crude among the major oil companies. All that has changed; now BP's oil trading experts have to buy spot market cargoes in order to satisfy the requirements of the group's refineries.

Sir David Steel, BP's chair-

Continued on Back Page

Hardie's 'serious error' rebuked

BY MICHAEL LAFFERTY

SIR CHARLES HARDIE, the former chairman of BOAC and senior partner in chartered accountants Dixon Wilson and Co., has been severely criticised by the professional standards committee of the English Institute of Chartered Accountants.

The institute's investigation arose from strong criticisms of Sir Charles and his firm in a 1977 Department of Trade report on a number of companies with which Mr. John Stonehouse, the former Labour Cabinet Minister, was involved.

The institute said at the weekend that Sir Charles failed "to show the qualities of sound judgment" to be expected of a partner in charge of an audit. He had made "a very serious error of judgment" in signing an unqualified audit report on the 1973 accounts of London Capital Group, previously known as British Bangladesh Trust.

Despite all this, the institute says that Sir Charles' failures did not amount to professional misconduct.

The institute's statement says Dixon Wilson failed in their duty as auditors by omitting to include particulars of loans made to officers of London Capital Group in their audit report on the 1973 accounts.

The omission arose from a combination of three factors:

● inadequate briefing of one partner by another on handing over responsibility for the audit;

● failure of Sir Charles Hardie, the partner taking over the audit, to review the audit file;

● failure by Sir Charles to comprehend the substance of the advice proffered by his solicitor on whether the loans were in the ordinary course of business.

The institute adds that the Dixon Wilson audit team should have investigated the loans more vigorously.

Sir Charles Hardie was not available for comment yesterday. However, at the time of the publication of the Department of Trade report, Dixon Wilson said it was "outrageous that professional firms and others who are criticised have no opportunity to meet such criticisms until they have been published."

Italy to prepare fresh summit

By Reginald Dale, European Editor

BRITAIN will be looking for fresh movement in response to its demands for a substantial cut in its EEC budget contribution, now that the latest Italian Government crisis has been resolved.

Signor Francesco Cossiga, the Prime Minister, who announced his new Government on Friday, is now expected to turn his attention to preparing the delayed meeting of EEC heads of government, likely to be held towards the end of this month.

The meeting, originally set for Brussels at the end of last month, was postponed by Signor Cossiga in his capacity as President of the European Council.

Signor Cossiga said the Italian political crisis had not only left the country without a Government but had also prevented him from preparing for the meeting, which was due to concentrate on the British budget issue.

Compromise

Now that the Government crisis is over, UK officials hope that Signor Cossiga will move quickly to settle a new date for the meeting—widely thought to be April 27 and 28 in Luxembourg—and start studying his briefs on the budget.

Signor Cossiga has been said to be planning a tour of EEC capitals to explore the possibility of compromise.

It is not yet clear, however, whether he will visit all the capitals in person—he is now backed by a strong team on the European front which includes, as Foreign Minister, Signor Emilio Colombo, a former Prime Minister and President of the European Parliament, and a new Minister of European Affairs, Signor Vicenzo Scotti.

Many EEC diplomats believe the delay has provided a useful breathing space in which serious attempts can be made to compromise. There were widespread fears of a serious confrontation if the summit had taken place on time.

Talks between Mrs. Margaret Thatcher, the Prime Minister, and Chancellor Helmut Schmidt of West Germany ended on a reasonably optimistic note at the end of last month.

But France is still holding all its negotiating cards close to its chest.

Editorial comment, Page 14

Carter expels all Iranian diplomats

PRESIDENT JIMMY CARTER decided yesterday to order all Iranian diplomats out of the country in retaliation for a lack of progress on the hostage crisis, according to Associated Press quoting Administration officials.

The move followed Ayatollah Khomeini's resistance to transferring control of the Americans from the hands of militants at the Embassy to the ruling Revolutionary Council.

President Carter took the decision at a morning meeting with his top policy advisers, including Mr. Cyrus Vance, the Secretary of State.

One diplomat said the expulsion order would be delivered to the Iranian Embassy in Washington in mid-afternoon, but the official who confirmed the Presidential action said he was uncertain of the timing.

Most of Iran's diplomats in the U.S. were ordered home by the State Department following the seizure of the Embassy by militants in November.

However, many managed to stay in the country, some by seeking political asylum and others by going underground.

Mr. Carter had hesitated in taking this latest step out of hope that President Bani-Sadr and other relative moderates in the Iranian Government could arrange to have the 50 Americans put in their charge. But the Ayatollah and the militants blocked every attempt along those lines.

Military action by the President is clearly still ruled out.

The President met with his national security and diplomatic aides at the White House for two and a half hours yesterday morning and was to continue the meetings in the afternoon.

Our Foreign Staff writes: Ayatollah Khomeini's decision ended 10 days of high-level negotiations and appeared to leave the United States little alternative to the imposition of further economic and diplomatic sanctions.

A mood of deep frustration and despair was palpable in the Administration yesterday. This reflects first the fact that all the overtures of recent weeks to forge a solution to the five-month-old impasse seem to have failed because of the inability of relative moderates, such as President Abol Hassan Bani-Sadr ANF Foreign Minister Sadeq Qotzbadeh, to move Ayatollah Whomeini and the hardline Islamic faction in the Revolutionary Council, not to mention the militant captors.

Secondly, it is widely believed here that none of the actions open to the President will have much impact on Iranian opinion or make possible the release of the hostages. Indeed, they may further undermine the position of President Bani-Sadr.

U.S. trade with Iran has virtually ceased. In February, the latest month for which statistics are available, the U.S. sold only $4m worth of goods to Iran and imported $37m, almost all of which was oil bought before Mr. Carter ordered oil imports from Iran to cease last November.

Administration officials had felt that the allies are now more likely to respond sympathetically than was the case a few months ago.

The Ayatollah's decision, announced in a statement from his office in Tehran, seemed final, but President Bani-Sadr said the issue was going to be discussed further in the Government. A clergyman associated with the militant students also said it was now up to the Revolutionary Council.

Iran alerts army

BY SIMON HENDERSON IN TEHRAN AND IHSAN HIJAZI IN BEIRUT

IRAN YESTERDAY ordered its Army on alert and recalled diplomats from Baghdad as thousands of Iranians were reported to have been expelled from neighbouring Iraq.

Sabotage to oil and gas pipelines in Iran at the weekend, which cut the capacity of the Abadan refinery by 30 per cent, was also thought to be behind the deteriorating relations between Baghdad and Tehran. Previous raids have been blamed on Iraqi-backed guerrillas.

Iraq, angered by two bomb attacks in Baghdad during the past week, which is blamed on Iran, struck back by deporting the Iranians.

According to Iranian reports from the border, at least 6,000 Iranians arrived by truck convoys and thousands more were expected shortly.

The Iraqi Government of President Saddam Hussein has consistently opposed the Iranian revolution and is known to fear that Iraqi Shi'ite Moslems, who make up half of Iraq's population, would side with the Ayatollah Khomeini, a Shi'ite. Most of the rest of Iraq's

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Iranian Budget 10% down on last year

By Simon Henderson in Tehran

IRAN'S ruling Revolutionary Council was expected to approve last night a budget for the coming year of 2,200bn rials about £15bn)—a drop of about 10 per cent on last year.

President Abol Hassan Bani-Sadr said dependence on oil income had increased, because industrial production and tax income from it had fallen during the last year. "We have not progressed in our struggle against foreign domination, we have gone back," he said.

Oil revenue for the coming year was estimated by Mr. Ezzatollah Sahabi, head of the Plan and Budget Organisation, at 1,600bn rials (about £11bn). Given Iran's regular price increases, such a figure would indicate plans to cut production further during the next year.

Like last year's Budget, one-third is expected to be set aside for development projects.

The Budget runs through the Iranian year which begins on March 21. Arrangements had already been made to allow for payments for that part so far elapsed.

Under the Shah, the Budget was about 25 per cent higher, not allowing for inflation. Since the Revolution cuts have been mainly in defence and development.

Reuter adds from Tehran: Only 16 per cent of Iran's foreign trade is conducted in dollars, compared with 80 per cent before the revolution, according to President Bani-Sadr. "This is a great victory for us and can be considered a great victory in our fight with the U.S.," the official Pars news agency quoted him as saying.

Israeli commandos kill 5 guerrillas

BY ROGER MATTHEWS IN JERUSALEM

FIVE PALESTINIAN guerrillas, and two Israelis, one of them a baby, were killed yesterday during an attack on a kibbutz near the border with Lebanon.

The incident was described as the most serious Palestinian guerrilla attack inside Israel for theree years. It came only hours before President Anwar Sadat of Egypt left Cairo for critical talks with President Carter in Washington on the deadlock negotiations over Palestinian autonomy.

Responsibility for the attack, certain to draw a vigorous Israeli military response, was claimed in the Baghdad capital of Iraq, by a group calling itself the Arab Liberation Front.

The five guerrillas apparently slipped through United Nations lines in South Lebanon around midnight, then seized the children's dormitory at the small kibbutz of Misgav Am in the north-eastern corner of Galilee, just a mile from the border.

After several hours' negotiations conducted through loud-hailers, an Israeli commando unit stormed the building, killing the five guerrillas who had been demanding the release of 50 Palestinian prisoners.

An Israeli civilian died when the guerrillas first seized the building, and the baby is believed to have died in the later fighting.

Five children under the age of three who had been taken hostage were rescued. Eleven Israeli soldiers were wounded in the assault, as were four children and an adult.

Mr. Ezer Weizman, Israel's Defence Minister, who flew to the kibbutz, hinted at possible military retaliation. "You'll hear about it afterwards, not before," he said. Israeli aircraft were later reported to have drawn ground-fire as they flew over Beirut.

The timing of the attack, on the last day of the Jewish Passover, appeared designed to focus attention on radical Palestinian opposition to the negotiations between Israel, Egypt and the U.S. over the future of the occupied West Bank and Gaza Strip.

It may also be an embarrassment and a challenge to Mr. Yassir Arafat, chairman of the Palestinian Liberation Organisation, who had pledged, during an Arab meeting in Tunis at the end of last year, to halt guerrilla raids from South Lebanon into Israel.

Mr. Arafat has scaled down guerrilla activities by Al Fatah, the largest Palestinian faction which he heads, in order to gain greater acceptance for his political and diplomatic initiative among Western countries.

Mr. Menahem Begin, Israeli Prime Minister, who is due in Washington next week for talks with President Carter, will certainly see in yesterday's incident further evidence that the Palestinians are dedicated to his country's destruction.

He is likely to use this as an argument to support granting the Palestinians only the limited administrative autonomy in the West Bank and Gaza that has been firmly rejected by President Sadat. The Egyptian leader is demanding far wider powers for the elected Self-Rule Council.

Mr. Sadat has warned that a "new situation" will arise if Egypt and Israel fail to reach agreement on autonomy by the target date of May 26. It is being predicted in Cairo, Jerusalem and Washington that a tripartite meeting could be held later this month, if sufficient progress is made in the Washington bilateral talks during the coming ten days.

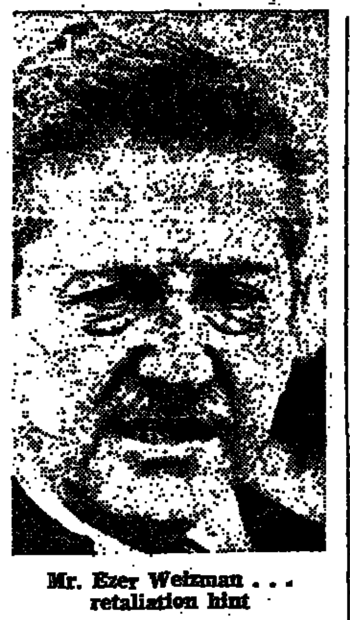
Ihsan Hijazi adds from Beirut: The Arab Liberation Front said in a communiqué from here that the objective of the attack on the kibbutz had been to mark the 33rd anniversary of the Ba'ath Party, which rules in Iraq and Syria.

The Front is represented in the PLO's 15-man executive committee by its general secretary, Mr. Abdel - Rahim Ahmed.

Mr. Ahmed, a Palestinian, is a member of the Baghdad-based Pan-Rab Command of the Ba'ath Party.

Analysts here see much significance in the attack. They believe it could herald an end to the lengthy truce the guerrillas have observed in favour of diplomatic action.

Guerrilla groups have declared a full alert ahead of expected Israeli reprisals. Analysts do not rule out the possibility of Syria being drawn into the conflict if the Israelis make heavy retaliation.



Mr. Ezer Weizman . . . retaliation hint

Reuter adds: An Irish soldier was seriously wounded yesterday in a gun battle between Irish peace-keeping troops and Israeli-backed Rightists in Southern Lebanon, an Irish Embassy spokesman said here.

The Southern Lebanese port of Tyre was shelled from the Israeli border area yesterday, but no casualties were reported, Lebanese officials said.

Sadat leaves for autonomy talks

BY DAVID LENNON IN CAIRO

PRESIDENT ANWAR SADAT of Egypt flew to Washington yesterday for what may be the last chance to break the deadlock in the talks on Palestinian autonomy before the May 26 deadline.

The Egyptian leader will hold three meetings with President Jimmy Carter in advance of next week's meeting between the American President and Mr Menahem Begin, the Israeli Prime Minister.

Despite ten months of negotiations, Egypt and Israel have failed to narrow the gap in their concepts of Palestinian autonomy for the occupied West Bank and Gaza Strip.

President Sadat has warned that a new situation will be created if the May 26 deadline passes without agreement. The Egyptian leader desperately needs some agreement on the Palestinian issue to disarm his Arab critics who accuse him of selling out the Arab cause by having made a separate peace deal with Israel.

Reuter adds from Bahrain: Egypt has released $2bn of Arab deposits which it froze last May, Sheikh Mohammed Ali Abal-Khail, Saudi Arabia's Finance Minister said in a newspaper interview.

The Saudi newspaper Al-Jezira, in a report carried by the official Saudi Press Agency, quoted Sheikh Mohammed as saying Egypt had released the deposits and informed the International Monetary Fund, which had been investigating the freeze.

Egypt said it had restricted withdrawal of the deposits because the countries involved—Saudi Arabia, Kuwait, Iraq and Libya—had asked for their immediate withdrawal. Most Arab countries decided to impose economic and political sanctions on Egypt after it signed a peace treaty with Israel last year

Henrik Ibsen rig 'may never see service again'

BY FAY GJESTER IN OSLO

TWO NORWEGIAN union leaders have expressed strong doubts about the future of the hotel rig Henrik Ibsen, following an accident at the weekend when the rig developed a 20-degree list.

The Henrik Ibsen—at present moored in Stavanger—is of similar design to the Alexander Kielland, which capsized on Norway's Ekofisk field less than a fortnight ago, with the loss of 123 lives.

Mr. Aksel Kloster, who heads an offshore group of TUC-affiliated unions, said he doubted whether the Henrik Ibsen would ever see service in the North Sea again.

Mr. Kloster, the TUC's representative on the official committee of inquiry into the Kielland disaster, said the committee would have to investigate the incident on the sister-rig as well.

Even before the listing occurred, an independent offshore union — NOEMFO — had said it would bar its members from working on the Henrik Ibsen if the rig was used again as a hotel platform.

Later, Mr. Odd Paulsen, the union's manager, said the Henrik Ibsen would have to be reconverted to a drilling rig if its owners wanted to use it in the North Sea. NOEMFO representatives have asked to meet Labour Ministry officials tomorrow to discuss the Henrik Ibsen's future.

At present the rig is barred from leaving port, pending a thorough study of its structure.

Work continued yesterday to right the Henrik Ibsen, which was evacuated on Sunday evening after the list developed. A team of engineers which went aboard yesterday repaired an emergency generator—the main power supply had failed when the rig lurched the day before.

With electricity again available to drive the bilge pumps, the engineers could partly empty the leg touching the sea bed, while filling some of the others. The owners, Stavanger Drilling, said later that they expected to re-stabilise the rig by the evening.

Stavanger Drilling said they had a "clear picture" of what had happened, but it was too early to "allocate responsibility."

Ray Dafter, Energy Editor, adds: Preliminary reports of safety inspections carried out on UK-based pentagonal rigs similar to the Alexander Kielland and the Henrik Ibsen show there is "no cause for alarm," according to the Energy Department.

Extra safety checks are now being carried out on all semi-submersible rigs in the British sector of the North Sea. Recent inspections show that over the past two years, minor cracks were found in about one-third of the rigs operating in UK waters.

New EEC move on companies

By Giles Merritt in Brussels

MULTINATIONAL corporations operating inside the EEC are to be the target of new social legislation under a proposal just adopted by the European Commission.

The aim of the new regulations, to be outlined in a draft directive to be published in July, is to make multinationals' consultations with workers and trade union representatives compulsory.

The new EEC rules would ensure that multinational corporations operating in any EEC member-state divulge a wide range of corporate information concerning the group as a whole.

Output and sales trends, employment prospects, investment and streamlining programmes, and any proposed work procedures, would have to be communicated in detail to employees and labour organisations.

Consultation procedures under the new rules would be based on existing OECD and International Labour Organisation (ILO) voluntary codes, and on such important questions as closures, mass redundancies and group reorganisations would most probably be made compulsory.

The move to require greater consultation from multinationals active in the Community was put to the 13-member Brussels Commission last week by Mr. Henk Vredeling, Social Affairs Commissioner, and has also been strongly backed by Viscount Etienne Davignon.

Soviet troops leave East German town

BY LESLIE COLITT IN OSCHATZ

THE SOVIET UNION resumed its limted withdrawal of troops from East Germany yesterday by pulling back more than 1,000 troops and dozens of tanks from a garrison in this East German town near Leipzig.

Last October, Mr. Leonid Brezhnev, the Soviet President, announced that Moscow would unilaterally withdraw up to 20,000 Soviet soldiers, 1,000 tanks and other military equipment from East Germany within a year.

Lt.-Gen. Vyacheslav Gordiyenko, Deputy Commander-in-Chief of Soviet forces in East Germany, said here that the decision—unilaterally to reduce Soviet forces in central Europe is being carried out despite the "complicated international situation." This was a reference to the West's reaction to the Soviet occupation of Afghanistan.

The Soviet withdrawal amounts to 5 per cent of the Soviet army's strength in East Germany. Last week, the Warsaw Pact called for the withdrawal to be included in the Vienna negotiations on mutual force reductions in Central Europe.

This was rejected by NATO.

Agencies add: Sr. Isodoro Malmieri Peoli, Cuban Foreign Minister, arrived in Delhi yesterday, from Kabul, to discuss ways to defuse the Afghan crisis. Mr. Pham Van Dong, Vietnamese Prime Minister, also flew into the Indian capital for a visit expected to focus in part on Afghanistan. He was followed by Mr. Nikolai Firyubin, Soviet Deputy Foreign Minister, on his way back to Moscow

Afghan rebels captured the Soviet-held air base of Bagram 43 miles north of Kabul and killed a Russian general and 75 troops, including 25 officers, Radio Pakistan said yesterday.

Jamaica starts loan talks

By Canute James in Kingston

THE JAMAICAN Government has started talks with international lending agencies and commercial banks aimed at rescheduling payments on outstanding loans. The island is due to pay $186m on some of its outstanding loans between 1980 and 1985 and this week's talks in Washington are aimed at postponing repayment to between 1985 and 1990.

Mr. Hugh Small, Jamaica's new Finance Minister, is to meet World Bank representatives today and will have talks tomorrow with representatives of the Inter-American Development Bank.

The attempts to renegotiate loan repayments follow the Jamaican Government's decision two weeks ago to end negotiations for loans from the International Monetary Fund.

U.S. poll puts Reagan level with Carter

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

MR. RONALD REAGAN has drawn level with President Jimmy Carter in public estimation, according to an opinion poll published yesterday in Time magazine.

The conservative Republican's gain derives principally from eroding public confidence in Mr. Carter's management of international and domestic affairs, especially, according to the survey, in the public perception that he has been "too soft" in dealing with Iran.

However, Mr. Reagan appears to be the only presidential candidate who has benefited from the President's problems. The poll still found Mr. Carter with a healthy lead over Senator Edward Kennedy in the opinion of Democrats and over all the other Republican contenders.

Both Mr. Carter and Mr. Reagan consolidated their positions as favourites for their respective party presidential nominations with big victories in Saturday's primary election in Louisiana

Mr. Carter received 56 per cent of the popular vote and 39 convention delegates, compared with only 22 per cent and 12 delegates for Mr. Kennedy. Mr. Reagan's victory was even more convincing—by 74 to 19 per cent over his only opponent, Mr. George Bush. He won 29 of the 31 Republican delegates.

Mr. Reagan was also expected to win the lion's share of the 34 delegates to be apportioned in Oklahoma, where the Republican Party was holding the first stage of its caucus process last night. Mr. Carter has already overwhelmed his opponents in the Democratic caucuses.

BID TO FIGHT SANJAY'S 'GROWING INFLUENCE'

Janata breakaway party formed

BY K. K. SHARMA IN NEW DELHI

A NEW party has been set up in India, dedicated to "mobilise the people to meet the growing threat of dynastic dictatorship"—believed to be a reference to the growing influence of Mr. Sanjay Gandhi, son of the Indian Prime Minister.

The party has emerged from the ruins of the Janata that ruled India for 33 months until Mrs. Gandhi's victory in January's General Election.

Since its formation, the Janata has split three times—first, when Mr. Charan Singh broke away in July, 1979, then, when Mr. Jagjivan Ram formed his "real" Janata Party last month, and again, over the weekend, when the former Jana Sangh (Hindu Nationalist) faction quit to form the new party—the Bharatiya Janata Party (Indian People's Party).

Because of the Janata's disintegration, Mrs. Gandhi emerges greatly strengthened. The main challenge to her is not now from the five factions that combined three years ago to form the Janata, but from the Marxists, who now control the three states of West Bengal, Kerala and Tripura.

The further weakening of the opposition comes before elections next month to the legislatures of nine states which Mrs. Gandhi placed under President's rule a few weeks ago, on the ground that they had lost their mandate following the Janata's defeat in January. Mrs. Gandhi's Congress Party stands to capture control of all nine states.

After the Marxists, the Bharatiya Janata Party will probably present the strongest challenge to Mrs. Gandhi.

The new party will have the support of the Rashtriya Swyamsewak Sangh (RSS), the controversial Hindu para-military organisation to which all former Jana Sangh members belong.

The latest split came on the issue of "dual membership" of the Jana Sangh members in the Janata and the RSS. Others in the Janata wanted the Jana Sangh members to sever their links with the militant RSS.

The new party will have to start from scratch, but has the advantage of the RSS's efficient organisation, particularly in the Hindi-speaking northern states, although the RSS is now active in all parts of the country.

The Bharariya Janata is the only party to have emerged from the Janata break-up with the aim of opposing the increasingly evident grip that Mr. Sanjay Gandhi and his supporters are gaining over the Government apparatus.

This will now be a major political issue and one that Mrs. Gandhi will have to face if, as some hope, the diverse opposition forces can agree to co-operate. Moves for some kind of working understanding among the opposition parties are to be initiated, although few signs exist that these will be successful.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Turkey set to improve debt repayment programme

BY METIN MUNIR IN ANKARA

A NEW TURKISH programme for liquidating suppliers' arrears of $1.9bn, stipulating more palatable terms, will be ready by the end of this month.

Mr. Turgut Ozal, the Government's chief economic adviser, said in an interview that experts were working on new terms in the light of criticism and alternatives put forward by some suppliers.

"It's a difficult operation," he said. "I don't know what we will be able to offer."

The original programme was unveiled last January and found few subscribers among some 96,000 suppliers, most of them West German, involved. It contained two alternatives—Turkish lira repayment in two years or U.S. dollars in ten years. The interest rate on repayment would be no more than 7 per cent.

It is unlikely that the Government's new terms will offer swifter repayment to the companies. However, according to Mr. Ozal, the following amendments are being considered:

- Repayment in the currency in which the debt was originally incurred. Under the current programme repayment was being offered only in U.S. dollars;
- Improvement of the interest rate of 7 per cent. The officials are considering different interest rates for different currencies;
- Liquidating small debts, to which neither of the options is attractive, right away;
- Exemption from tax and other dues for those who opt for the Turkish lira repayment scheme;
- Expanding the fields in which those who select the Turkish lira option can use their funds in Turkey; and,
- Offering the current exchange rate for those who opt for the Turkish lira repayment. Under the current programme the exchange rate offered was 47.10 Turkish lira for the dollar. The official exchange rate is 73.70 per dollar.

The Government estimates that between 30 and 40 per cent of the total sum involved has already been settled under the table by private Turkish creditors.

The April 23 deadline for suppliers to choose between the two methods of payment offered by Turkey was officially extended to June 23. It is understood that after the new programme is unveiled a further extension will be granted.

Saudi to expand rail system

BY ANTHONY McDERMOTT, RECENTLY IN DAMMAN

THE SAUDI Government Rail-Road Organisation (SGRRO) intends to spend 4.7bn Saudi riyals (£635m) on the development and extension of new lines and the purchase of rolling stock during the next five-year plan, due to be launched next month.

This reflects a growing official awareness of the acute need to supplement the meagre road system and the busy routes of Saudia, the national airline. Under the previous development plan 276.5m riyals was allocated to the development of the railways.

At present, the SGRRO operates a single track of 571 kms between Riyadh, the capital, and Dammam, the Gulf port town on the east coast. There are additional branch lines and spurs of 140 kms. The line's construction was undertaken by Aramco between 1946 and 1951. Traffic has, on the whole, been light, with 264,000 passengers carried in 1978-79 and freight at 1.4m tonnes. In 1980-81 the number of passengers is expected to rise to 350,000 and freight to 3.1m tonnes.

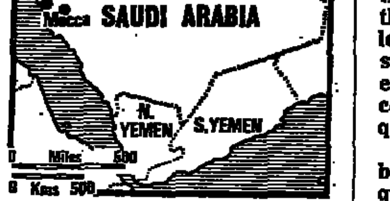
The main targets of the SGRRO's development plans are:

- Completion of the re-laying of 250 kms of existing track by Archirodon of Greece (at a cost of 285m rials); the construction of a high-speed, direct link between Hofuf and Riyadh, cutting the overall journey from seven to four hours (Technital of Italy completed the studies for this last September); and the doubling of the line between Dammam and Hofuf.
- Increasing the capacity of the existing line, in particular freight haulage, to 9m tonnes by 1985. At present the SGRRO owns 18 line haul locomotives, 1,523 freight cars, and 58 passenger coaches of which 18 were delivered last year by the Schlieren-Schindler group of Switzerland. Over the next five years the SGRRO intends to buy 50 locomotives, 1,800 freight cars, and 20 passenger coaches.
- Additional SGRRO lines including a 100 km link between Dammam and the industrial zone of Jubail to the north.

In subsequent plans, the Ministry of Communications, for whom the SGRRO acts as the operator, aims to link Riyadh with the west coast port of Jeddah via Mecca (1,200 kms); Mecca with the Yanbu industrial zone via Medina (500 kms); and to develop international lines along the east coast between Iraq and the United Arab Emirates.

The best known project is the revival of the historical Hijaz railway linking Medina with Damascus, the capital of Syria. This vital lifeline of the Turkish army was destroyed in the First World War during the Arab revolt in which T. E. Lawrence played a key role. In February, Dorsch Consult, the Munich-based consultants won a $4.7m contract for technical and feasibility studies for reconstructing this railway. The contract was signed with a tripartite ministerial committee representing Syria, Jordan and Saudi Arabia.

The operations of the SGRRO are heavily subsidised. The first class fare between Riyadh and Dammam costs 30 riyals (just over £4), and the second 20 riyals (£2.74)—about one third of the real cost.



Egypt considers phosphate bid

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE EGYPTIAN Government is seriously considering a proposal drawn up by the Occidental Petroleum group for the exploitation of phosphate deposits around Anu Tartour in Upper Egypt, west of the Nile.

The cost of the project is put at $1.5bn (£700m), one-third of it to take into account inflation. The figure also takes account of the necessary infrastructure (accounting for about half) including a township, a railway to the Red Sea and port facilities at Safaga.

Mr. Mohammed el Sayeh, the Minister of Economy, regards the scheme as one of Egypt's most important development projects and is optimistic that the necessary finance can be found. The World Bank has already aided a pilot plant that was sufficiently encouraging for Occidental, in conjunction with Sofremines-Alusuisses, to show an interest.

Taylor Woodrow of the UK, Entrepos of France, and Kaiser Engineering of the U.S. are understood to have shown interest in bidding for the construction work if the project goes ahead.

Occidental declined to comment on its involvement last week. It is understood from other experts associated with the study that its main interest in the project is with the management of the construction and the marketing of surplus production not required by Egypt, but some equity participation is apparently not ruled out if the scheme is judged to be commercially viable.

Oxychem, a part of Dr. Armand Hamer's group, is the third largest phosphate rock miner in the U.S. Another subsidiary, International Ore and Fertiliser, claim to be the biggest dealer in raw materials world-wide.

Though not particularly rich in quality and far from the coast, Abu Tartour phosphates have long been considered to have commercial potential. Currently, the market prospects look good.

The proposal is to process 3m-5m tonnes of the ore annually and process 1.6m of neificiated rock to produce 175,000 tonnes of triple superphospates and 350,000 tonnes of phosphoric acid.

SHIPPING REPORT

BSC recovery to help cargo shippers

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE ENDING of the UK steel strike has given a welcome fillip to that section of the dry cargo market that has traditionally relied on the British Steel Corporation as a customer.

The UK imports around 16m tonnes of iron ore a year, most of which comes in large 120,000 dwt ore carriers, and may be importing as much as 3m tonnes of coal in the forthcoming year. In addition, it uses smaller ships for steel exports.

The BSC estimates that it arranges around 1,000 shipping movements, or fixtures, a year, and the prolonged steel strike was beginning to hurt the smaller short sea operators which account for around two-thirds of BSC's total fixtures.

In the rest of the dry cargo markets freight rates continue to be firm. Denholm Coates reports that, apart from the Gulf/Continent grain rate, which is hovering around $18 per tonne, rates in virtually every other market for ships of between 20,000 dwt and 120,000 dwt have risen strongly over the last week.

The Hampton Roads/Japan coal rate for a 50,000-tonner is standing at around $23 per tonne—over a quarter up on levels at the end of last year. The U.S. Gulf-Japan grain rates for similar vessels are $28 per tonne.

In its latest market report, Matheson Chartering says that freight rates at current levels are vulnerable.

"It would take only a modest seasonal easing in demand, and consequent decline of confidence for rates to fall back quite sharply," the report concludes.

In the tanker markets there seems to have been a marginal improvement in rates. Galbraith Wrightson reports that a 250,000 tonner loading a part cargo of 230,000 tons for a voyage from the Gulf to Sweden was fixed at Worldscale 34. This is nearly five points above previous Worldscale rates for similar trips.

However, there will need to be a much bigger improvement if owners are going to change their minds and not lay up their large tankers because of the depressed market. In its latest monthly report, Davies and Newman has added four large crude carriers to its list of laid-up ships.

Ford Plant for India

A Ford Motors dealer will build Ford heavy trucks in India under licence, AP reports from Detroit. Ford said the dealer, Simpson and Co., would build 3,000 12-ton trucks in a new plant in Madras this year on its way to eventual annual production of 12,000.

Eximbank gets Peking loan approval

WASHINGTON—President Carter has authorised the U.S. Export-Import Bank to finance loans to China that will help sell U.S. goods there.

Under U.S. law, the President must decide that it is "in the national interest" before such loans can be made to a Communist country. He has done so in the past for the benefit of trade with Yugoslavia, Poland, Hungary and Romania.

When Vice-President Walter Mondale visited China recently, he suggested that the U.S. would make $2bn available to China over five years. The Export-Import Bank had a total budget of $3.9bn last year, but not all its money goes out on loans—it often guarantees loans by private lenders.

Mr. Thibaut de Saint Phalle, one of the Bank's three directors, said in an interview that it would take some time for the Chinese to decide what kinds of imports they want to finance with loans from the Bank. He pointed out that China has been isolated from the international financial world for many years.

Congress, which has not yet approved the bank's current budget, will now have to consider whether it wants to make additional money available to help China, he said.

AP

Plan to help small exporters

By Our World Trade Staff

THE London Enterprise Agency (LEntA) is launching a major drive to help small companies get into exporting.

The agency—set up a year ago by large companies to help smaller ones—is to stage an exhibition at London's Festival Hall in September to promote consumer goods which small companies want to sell overseas. This initiative has the support of the buying offices of several leading overseas department stores, which are keen to establish contacts with small companies producing high quality goods.

The emphasis of the exhibition will be on high quality and original products—mainly giftware, clothing and foodstuffs. The agency considers these have the highest export potential, given the depressed state of world trade and the current strength of sterling.

As part of its drive to increase the number of small companies involved in exporting the agency is to join forces with the London Chamber of Commerce and Industry to organise a series of seminars on exporting. The first, which will be on June 4, will concentrate on export finance which is regarded as one of the major obstacles for small companies. Other seminars will deal with documentation and export services.

CHINA'S DEFENCE NEEDS

No immediate prospects for big U.K. orders

BY REGINALD DALE

BRITAIN hopes to win a number of military contracts in China as the country modernises its armed forces, but dramatic new arms deals, such as the sale of Harrier jump-jet combat aircraft, are unlikely in the immediate future.

That is the clear impression understood to have been gained by Mr. Francis Pym, the Defence Secretary, in talks with Chinese political and military leaders. Mr. Pym returned to London last week after a five-day trip to China which included a visit to the Society of British Aerospace Companies exhibition in Shanghai.

The Chinese made it clear to their British visitors that their first priority was to modernise existing military equipment, including tanks, ships and aircraft. While they would like to buy new military equipment, such as the Harrier, their supplies of foreign currency were limited. In addition, they would not be able to buy as many Harriers as the UK is interested in selling.

The Government, nevertheless, believes that British companies can do good business by participating in the modernisation programme. The 66 companies represented in Shanghai are said to be confident that the exhibition will lead to further contacts and possibly also sales of aerospace equipment.

The British Government team was also encouraged by China's request to set up a procurement office in London to smooth the way for purchases of British goods. The office, with a staff of 10 to 12 persons, is expected to open shortly—as soon as full clearance has been given by the British authorities. It will liaise with Peking over possible purchases of both civil and military equipment.

Tony Walker writes from **Peking**: China's International Trust and Investment Corporation, set up last year to attract foreign investment to China, has signed 12 agreements with foreign companies, according to a member of its board of directors.

Mr. Jing Shuping said that the agreements covered joint ventures, joint production and compensatory trade, and contracts for a repair service for foreign vessels, machine building and rubber production were being drafted.

It was announced last week that a 20-year manufacturing agreement had been signed between China and two foreign companies—Schindler Holdings of Switzerland and its Asian marketing arm, Jardine Schindler (Far East) Holdings.

China's Foreign Investment Commission has not yet announced final approval for any joint venture agreements, but the announcement of the Schindler deal, which anticipates a June start-up, and Mr. Jing's statement, suggest the Chinese may be about to give clearance for a number of joint projects.

Mitel wins N. Yemen contract

BY OUR WORLD TRADE STAFF

THE UK-BASED subsidiary of a Canadian company, Mitel, has signed a contract for the supply of telecommunications equipment to North Yemen. The initial order for switching equipment under the contract is worth £200,000.

It is one of the first contracts awarded to a British company since the ending earlier this month of an unofficial but damaging embargo on British exports. The embargo, which hampered the operation of British companies in North Yemen, followed the impounding of a Yemen Airways Boeing 727 at Heathrow Airport for 47 days over the alleged non-payment of a debt to British Midland Airways.

The contract with the Slough-based company, Mitel Telecom, is part of a process of providing public exchanges in every village in North Yemen, connected to the main switching centres by high frequency radio links. The company says the contract could involve supplying up to 2,000 systems in the next five years, though the initial contract provides for 22.

Meanwhile, Lancer Boss, the Leighton Buzzard-based lift truck manufacturer, has won an order worth £750,000 to supply 19 frontlift trucks to the Sudanese Sea Ports Corporation for use at Port Sudan on the Red Sea.

The frontlift trucks, whose capacity ranges from nine to 37 tonnes, are part of a project by the British Overseas Development Administration to modernise and expand the capacity of Port Sudan, the country's only modern port.

Octopus Electrical, based in Shrewsbury, has obtained a contract worth £750,000 for the supply of prefabricated wiring systems for flats in Iraq.

Octopus Electrical, which is a subsidiary of Rists, says it obtained the contract after eight days' of intensive negotiations

Afghan-Soviet goods pact

MOSCOW — Afghanistan has signed an agreement covering supplies of consumer goods from the Soviet Union this year, the Soviet press has reported.

The agreement was signed by Mr. Nikolai Patolichev, the Soviet Foreign Trade Minister, and Sultan Ali Kishtmand, Afghanistan's Second Deputy Prime Minister, after talks in Moscow.

The agreement followed recent talks in Czechoslovakia where Mr. Kishtmand and Mr. Rudolf Rohlicek, the Czechoslovak Prime Minister, signed a protocol on trade exchanges for 1980 and discussed economic projects for the future.

Reuter

NEB in genetic engineering venture

By David Fishlock, Science Editor

A PLAN to create a company based on Cambridge genetic engineers is to be put before National Enterprise Board directors within a few weeks. It involves the Laboratory of Molecular Biology, funded by the Medical Research Council.

The plan envisages a research-based company structured to offer large manufacturing companies, such as pharmaceutical concerns, expert service in the new technology of genetic engineering.

NEB executives believe this arrangement could transfer technology more rapidly from laboratory to industry, and alert industry more readily to implications of research in a fast-moving subject.

Scientists associated with the venture include Dr. Sydney Brenner and Dr. Claus Milstein. Dr. Brenner pioneered computer mapping of nervous systems, and monitoring genetic control of living organisms.

Dr. Milstein developed a method to modify genetic material which promises to be valuable for making specific, consistent antisera in quantity for the first time.

The MRC sees Dr. Milstein's techniques as perhaps the most important methodological development in immunology in recent years. The technique appears able to make a wide range of drugs for diagnosis and treatment of disease.

Attempts to gain commercial support for large-scale production of antisera, as a by-product of the Cambridge research effort, failed when the National Research Development Corporation concluded that Dr. Milstein's method of genetic engineering by cell fusion could not be patented. Britain may have lost valuable patent rights.

The NEB company will be a joint venture with financial institutions, excluding the NRDC, with investment of about £2m a year initially.

Council 'broke law' by house sales

BY ROBIN PAULEY

ALLEGATIONS that Nottingham City Council lost up to £1m under Tory control in 1977-78 through "unlawful" council house sales have been lodged with the district auditor.

The objectors say that half the alleged loss was caused by leaving large numbers of council houses empty and on offer for sale instead of rent.

The eventual loss on more than 5,000 houses sold between 1976 and 1979, when Labour regained control, could be £75m at 1977 prices, they claim.

But under the audit system the district auditor cannot take long-term losses into account, and must confine himself to losses incurred in the financial years he is examining, in this case 1976-77 and 1977-78.

The district auditor is expected to hold public hearings in May or June into the four main objections to the council's accounts, which are:

- Nearly £500,000 was lost in rent and rates on houses left empty in 1977-78 due to an "unlawful policy" of offering all relets and new houses for sale.
- More than £250,000 was lost on sale of 263 houses in 1977-1978 because sale prices were not adjusted over the year to allow for inflation.
- More than £250,00 was lost on sale of 47 new houses on two new estates.

The council sold more than 5,000 houses in 1976-79 for £40m without any financial appraisal setting the gains against loss of future rent income.

The objectors say that the council's house sales policy went beyond its pledge to sell to sitting tenants. In February, 1977, it put all houses up for sale, both relets and new houses, as soon as they became vacant.

This was in spite of Government advice that "the first duty of a local authority is to ensure an adequate supply of rented dwellings. In areas where there are substantial needs to be met for rented dwellings, as in the larger cities, it is generally wrong for local authorities to sell council houses."

The objectors say that the council broke the law by not considering what the government of the day was advising.

Nottingham was designated a housing stress area in 1977, when it had one of Britain's largest outstanding clearance programmes, with more than 4,000 familes waiting to be rehoused.

"As a result of the sales policy, clearance families had to be offered an official list of difficult-to-let dwellings which were mainly in unpopular flats complexes," says the notice of objection to the accounts.

If the district auditor agrees that an item in the accounts is contrary to law, he may apply to the High Court for a declaration to that effect.

The court can order anybody responsible for incurring unlawful expenditure to repay all or part of it. Any councillor required to pay more than £2,000 can be disqualified from office for a specified period.

Imports upset plastics federation

BY SUE CAMERON, CHEMICALS CORRESPONDENT

OVER 1500 tonnes of imported plastic coathangers come into the UK each year, mostly from the Netherlands and Italy, according to a report about to be published by the British Plastics Federation.

The report is designed to help UK plastics processors combat rising imports by pinpointing areas where home-produced goods could be substituted

It gives a detailed analysis of those imported plastic items, worth £77.4m last year, which earlier British Plastics Federation studies have classified under the heading miscellaneous.

Based on a survey of plastic goods imported into the UK in March and May last year, the report says items like coat-hangers could be made "just as competitively in British factories."

"The familiar argument that imports have made such headway on the home market because they are from countries of low-cost labour is shown to be a false one in this instance.

In March last year the UK imported 162.4 tonnes of plastic coathangers, 45 per cent of them coming from the Netherlands

The figure for May was 136.2 tonnes, with 55 per cent coming from the Netherlands, 15 per cent from Italy, 15 per cent from Sweden and 10 per cent from West Germany.

Last year a total of 164,000 tonnes of all plastics goods—worth around £253m—was imported into the UK.

The report reveals that this included 12.6 tonnes of plastic back scratchers, sex aids, teats, toothpicks, face shields, inhalers, sanitary articles, disposable gloves and plastic blisters.

Housing cash shortfall at GLC

BY ANDREW TAYLOR

THE HOUSING and policy resources committees of the Greater London Council will meet in a special joint session on Thursday to decide what cuts should be made in the council's housing programme for 1980-81 in the light of the Government's spending proposals.

Mr. George Tremlett, leader of the housing policy committee of the Conservative controlled council said: "We need £270m to carry out our intended programme for this year but the Government has authorised only £165m.

"We are already contractually committed to £132m for the year and there is £6m overspending from last year to take account of. Effectively we are left £27m."

The council is seeking Government permission to use £25m of its capital profits from property and land sales in addition to its housing investment programme allocation for 1980-81.

All councils will be able to supplement their annual investment programme allocations by capital receipts from April, 1981.

"If this does not materialise we shall have to decide what our priorities must be. It may well be that we shall have to limit our home loans to a very few special categories in order to keep other sections running," said Mr. Tremlett.

"The implications are that new building will decrease, and that could have serious staffing implications. Also we would not be able to begin new initiatives with housing associations and co-operatives."

Extended advertising curb that may go up in smoke

THE TOBACCO INDUSTRY is still firmly resisting renewed attempts by the Department of Health to negotiate tougher curbs on cigarette advertising.

A meeting between the tobacco companies and Department of Health officials is expected to be held in the next few weeks, and a compromise agreement is still likely to be produced.

The narrow gap between negotiating positions adopted by both sides was shown by the fact that an agreement was almost concluded shortly before the Budget. A last-minute hitch in the negotiations forced postponement of the crucial final meeting.

This last-minute hitch is believed to centre on size and positioning of the new health warning to be printed on all cigarette packets.

The tobacco companies are understood to be refusing to have the warning printed prominently on the front of each packet, rather than on the side as at present.

Although this is a crucial area of the negotiations, the tobacco industry fears that the longer the talks drag on over this issue the greater encouragement it gives to Sir George Young, Health Under-Secretary, who is leading the talks, to hold out for even more concessions from the industry.

The three-year voluntary agreement on cigarette advertising, which came to an end last month, will continue until a new agreement is made. But if both sides now decide to compromise no further, the end result is unpredictable.

The Government would be forced either to take statutory powers to ban all cigarette advertising, an extremely unlikely move, or by default allow the tobacco companies to have greater freedom to advertise their products than they have had for several years.

Already both sides have compromised considerably in three months of negotiations.

Sir George's fervent dislike of smoking encouraged the Department of Health officials to start their negotiations from the extreme stance of a total ban on all advertising, voluntarily agreed by the tobacco industry.

The companies initially were reluctant to move further from the existing agreement, which bans all cigarette advertising on television and advertising of middle to high tar-yield cigarettes; limits cinema advertising to X certificate programmes only; and imposes a number of other minor restrictions on the industry.

But the industry has acknowledged the strong anti-smoking

● DAVID CHURCHILL, Consumer Affairs Correspondent, looks at the trouble in the tobacco industry over its advertising.

pressures building up because of the alleged harmful effects on health, and so agreed to tighten up the present advertising restrictions.

It is believed that the industry is prepared to abandon the remaining television advertising of cigars and pipe tobacco, and possibly to curtail its cinema advertising. It is understood to be prepared even to curtail slightly its heavy expenditure on poster and Press advertising.

The companies are reluctant to go very far on more prominent displays of health warnings on individual cigarette packets.

The industry feels that the time has probably come to dig in its heels and stand firm.

As Mr. Andrew Reid, chairman of Imperial Tobacco, has said: "No industry should be forced into a position where its freedom to protect its market share and to improve its profitability is hampered and hog-tied by Government decree."

Sir George and his officials must also feel that they have a strong case not to compromise further.

Despite the electorally significant fact that some 19m adults smoke cigarettes, and 2m cigars or pipes, the anti-smoking lobby is aware of guilt feelings some people have while smoking.

The Department is also aware of the effect on public opinion of pointing out that it is advertising of cigarettes rather than smoking that they are trying to curb.

To the average smoker there must be more than a sneaking feeling that if the tobacco companies are forced to stop spending sums estimated by some sources at £35m a year on advertising, the price of cigarettes could be reduced.

But with some 70 per cent of the price of a packet of cigarettes going on Excise duty and VAT, even an end of all advertising would do little to reduce the price.

Surveys have shown that most advertising does not substantially increase total cigarette consumption but promotes brand loyalty.

A total ban would virtually freeze present market share positions of companies—Imperial is dominant with more than half the market, followed by Gallahers, Rothmans, BAT and Philip Morris—and hinder competition between these companies.

Second, it would mean that cigarettes became virtually just a commodity, sold on price differences alone. Consumer choice would thus effectively be ended—and there are some significant differences at present between brands, apart from such factors as filter-tips, or "king-size" cigarettes, and so on.

Since the Government is committed to increasing competition and at least maintaining consumer choice, it is likely to consider the effects of a total ban on cigarette advertising not justified. A total ban would also conceal which brands have a low tar yield.

New companies 'may not create many jobs'

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE POPULAR belief that newly-fomed companies can play an important role in creating new jobs is questioned by Dr. David Storey, of the Centre for Environmental Studies, in a paper entitled Job Generation and Small Firms Policy in Britain.

Dr. Storey, who also teaches at Durham University, says studies in four parts of Britain do not necessarily substantiate work in the U.S.

From an analysis of Clydeside, the West Midlands, the East Midlands and the county of Cleveland, he argues that not more than one new manufacturing job in every seven was created by wholly new establishments.

In the prosperous regions, about 30 per cent of new jobs were created by openings, about half of these being created by newly set-up firms. In the assisted regions the figure of new jobs created by openings is much higher (70 per cent) but only 14 per cent could be attributed to wholly new establishments. The rest come from firms expanding.

Dr. Storey also says most new companies remain small even if they survive for a decade. Not one new company set up in Cleveland between 1965 and 1976 employed more than 100 people in 1976.

This experience was not unique to Cleveland. In the prosperous West Midlands, where the impact of new companies was greater, only two of 432 companies had more than 100 employees nine years later. And on Clydeside only 1.4 per cent of new concerns were over the 100 mark after nine years.

Dr. Storey does not deny that policies to assist small businesses are important or that small companies have shown a relatively impressive rate of employment growth. But "it has been shown that even raising substantially the rate of new-firm formation can have only a minimal impact on manufacturing employment, at least for a decade.

"If no offsetting actions are taken its impact will be primarily in areas where the 'need' to create employment is least."

Changes in the rate of income tax are not likely to alter this situation, he claims. Cutting the marginal tax rate makes it more attractive for a potential entrepreneur to remain in salaried employment.

Job Generation and Small Firms Policy in Britain, by David Storey. Policy Series II. Centre for Environment Studies, 62, Chandos Place, London, WC2.

Channel ferry duty free sales make £15m a year

BY OUR SHIPPING CORRESPONDENT

CROSS-CHANNEL ferry operators make over £15m a year from duty-free sales on their ships. Without these profits, fares would have to be increased by 15-20 per cent, according to stockbrokers Phillips and Drew.

In a study of the cross-channel ferry services, Phillips and Drew estimates that the ferry companies make about £2.50 "pure profit" after handling charges on a bottle of spirits.

The stockbrokers say sales of duty-free goods are probably the most important source of profit in the cross-channel passenger business. P and D believes 13m people a year buy some on the ferries.

Unlike the duty-free shops at airports, which have to pay high rentals to the airport authorities, the ferry companies make very high margins on the sale of duty-free goods.

P & D estimates that if the sales were banned, Sealink would do little better than break even, in comparison with its 1978 operating surplus of £9m.

Townsend Thoresen, owned by European Ferries, depends less on duty-free sales. Even so its shipping profits would be cut by close to a third, to £13m, without them.

The EEC has attempted in the past to remove duty-free allowances for people travelling between member countries. However, P & D sees little chance that they will be banned.

● Townsend Thoresen is knocking £26 off its normal five-day return fare for a car with two adults on all its Dover sailings during April. The new fare is £50 return.

Atkins to meet Irish minister

By Stewart Dalby

MR. HUMPHREY ATKINS, Secretary of State for Northern Ireland, will this week have his first meeting with an Irish cabinet minister since the formation of the new Dublin Government by Mr. Charles Haughey in December.

It seems certain that Mr. Brian Lenihan, the Irish Foreign Minister, will press for government to government talks about Northern Ireland and will pressure the British Government to remove its guarantee that Northern Ireland will remain part of the UK for as long as the majority wishes it.

The talks will probably take place tomorrow.

Mr. Atkins refrained from discussing government to government talks during his constitutional conference aimed at exploring ways of devolving more political power to Northern Ireland. The talks were adjourned just before Easter.

Treasury inflation forecast challenged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SCEPTICSM about the economic assumptions underlying the Government's new medium-term financial strategy is expressed in some of the batch of stock-brokers' analyses published over the weekend.

Brokers James Capel argue, for example, that the strategy will have only a gradual impact on the inflation rate. The brokers question the relationship of monetary policy to expectations in the labour market. They suggest that the inflation rate will still be about 14 per cent by the end of 1981.

"Provided the targets are adhered to, and the UK has never experienced a period of monetary restraint lasting longer than two years, the rate of inflation might be expected to fall to 10 per cent in 1982 with a further fall in prospect for 1983."

In the short-term, James Capel suggest that the Treasury projection of a decline in the 12-month rate to 16½ per cent by the end of this year looks optimistic and the brokers estimate that the rate will then be 18 per cent.

Brokers Phillips and Drew question whether the public expenditure plans published on Budget day will, in the event, leave room for tax cuts of anything like the amount suggested in the medium-term strategy. On the broker's assumptions the implied "fiscal adjustment" of £3½bn in 1983-84 is reduced to a near-negligible £750m.

Brokers de Zoete and Bevan say the Budget strategy should allow a modest relaxation of monetary policy, permitting a decline in short-term interest rates between now and the autumn.

The brokers say there is no evidence that this reduction will be large, nor that it will be sustained through the second half of the 1980-81 financial year. By then public sector borrowing may again be rising, reaching a level which threatens to be greater than the forecast outcome for the year.

In contrast, brokers Panmure Gordon conclude that a reduction in Minimum Lending Rate is unlikely before early June. But the firm is convinced that the decline in short-term rates expected in the second half of 1980-81 will be sharp and MLR could have fallen to 12 or 13 per cent by the end of December.

Brokers Capel-Cure Myers believe that this month's statistic's are likely to show that the monetary aggregates are coming more fully under control. "The main problem areas, however, remain the outlook for earnings and prices.

"Allowing for the latest Budgetary measures, the inflation rate is unlikely to peak before May or June when the annual rate will be around 22 per cent."

Hambros offers legal costs cover

BY ERIC SHORT

HAMBRO Housley Heath, the insurance broking arm of Hambros, the merchant banking group, is to go in for legal expenses insurances.

It is forming a new company, Hambro Housley Legal Protection, in conjunction with Strover and Co., an insurance broking firm based in Colchester It intends to offer two insurance packages. The first offers companies legal protection covering employment, property, contracts, criminal prosecution and directors' and officers' breach of duty.

Besides providing the insurance to cover litigation expenses and any damage costs, the new company offers employers a legal advisory service covering all aspects of their work which could involve legal proceedings, especially in the area of employee relationships. In particular, employers will be advised on fair and unfair dismissal procedures.

The second package makes insurance and advisory services available to employees as an employee benefit service, with the employer meeting the premium costs.

Consumers urge data safeguards

By Gareth Griffiths

THE CONSUMERS Association is to press the Government to introduce legislation to safeguard the use of personal information.

In its monthly magazine Which? the association suggests that legislation would be in everybody's best interests. Unless it is introduced. Britain could become a haven for "dirty data" — information illegal in its country of origin —it says. The association wants legislation to cover all records, not just those stored on computer tape.

Its recommendations go beyond the scope of the Government's 1978 Lindop report, which merely recommended controls on computerised data.

Tse association's scheme includes compulsory registration of all central and local government organisations storing personal information, together with many in the private sector; legally enforceable codes of practice: and a data protection authority.

The association says the cost of implementing the proposals would be quite small.

The Which? report says the most serious problem areas for possible abuse of personal information are local authority and medical records.

The report says a code of practice for medical records should be an urgent priority

● NEWS ANALYSIS—RAY PERMAN LOOKS AT WHISKY DISTILLING

Scotching bulk malt for Japan

A SURVEY of major companies involved in the controversial export of bulk malt whisky to Japan shows that relentless criticism by unions and several major Scotch distillers steadfastly opposed to the trade is having an effect.

Two Canadian-owned firms, Seagram and Hiram Walker, incorrectly identified by unions as main "offenders," have been turning away business and are restraining sales to Japan.

But they account for only a fifth of total bulk exports to Japan, with Hiram Walker taking about 12 per cent of the trade, and Seagram less than 8 per cent. At least three other UK-owned companies—Stanley P. Morrison, Whyte and MacKay and Long John International—have as large or larger shares.

They have escaped the full force of publicity and criticism, yet are also bending to public attacks, by unions and private lobbying within the industry.

All three said at the weekend that they had held their volumes of malt to Japan and would not increase them, in spite of continuing strong demand.

These five companies, two Canadian and three UK, are estimated by industry sources to export about 80 per cent of total malts sold to Japan. The remainder is supplied by a handful of smaller, independent distillers, and some companies and brokers who buy malt whisky on the open market and ship it themselves.

Smaller operators have been tempted to the trade, taking advantage of continued demand and low prices of mature malt whiskies in recent years.

This sector is less susceptible to pressure and appears to be increasing its business to make up the shortfall, because while major companies involved have reduced or are holding their volumes steady. Customs and Excise figures show that bulk malt sales to Japan rose marginally in 1979 to 6.3m proof gallons.

Bulk malt is used by Japanese distilleries to improve the taste of their own blended whiskies. Opponents of the trade argue that by selling them Scotch, superior in quality and offering a wide range of flavours for blending, the opportunities to penetrate the large Japanese home market with sales of bottled Scotch are reduced and there is a risk from Japanese exports to other important whisky markets.

This last fear is the most potent among opponents, who envisage that Japanese exporters may do to Scotch what the Japanese did to other British industries, such as television and motor-cycle manufacture.

Yet so far it is only a fear. Japan is the fourth largest whisky producer in the world, with 14 per cent, but the vast majority of its production is consumed at home, exports are tiny and have been increasing only slowly.

In 1972, for example, Japan exported 54,000 cases of whisky, and the figure dipped to 36,000 in 1976. By 1978 it had risen to only 61,000 cases—around 0.1 per cent of the total of Scotch exports.

The NEDO working party, which examined the question 15 months ago, conceded that Japanese export efforts had been unsuccessful but mentioned a "significant promotional effort" in the U.S. and Australia.

Mr. Steve McCann, chairman of Hiram Walker, believes that after trying "aggressive" advertising, particularly in America, the most important whisky market in the world, Japanese distillers led by Suntory have been disillusioned by results and are toning down their approach.

"There is no dynamism in Japanese exports. We are talking about peanuts, but this is what our critics would have us believe is the big threat to Scotch whisky," he said.

Mr. McCann also argues—a view shared by all main bulk exporters—that it is fallacious to believe that a reduction in bulk malt supplied to Japan would lead to a corresponding rise in bottled exports of Scotch.

The Japanese, who have made whisky for 50 years and have some of the largest distilleries in the world, have too firm a grip on their own home market to be dislodged and have the size and stocks to be able to phase-in taste changes.

An overnight end to bulk sales would not mean a dramatic fall in the quality of Japanese "special class" whiskies, which are about half of total sales in the country and compare most closely with Scotch.

No other issue in the whisky industry has provoked as much heat at the bulk malt controversy. It divides the Scotch Whisky Association, and even the Government finds it difficult to come to a firm view on the subject.

The opponents of the trade were not able to produce any convincing evidence to support their case for a statutory or a voluntary restriction on sales, yet it appears that their campaign is having an effect.

Hiram Walker and Seagram are reducing their exports to Japan from Scotland but are building distilleries elsewhere in the world to supply Japanese and other bulk markets with malts.

The Japanese themselves have also become concerned at the uncertainty. At least one company has begun to buy "fillings," new spirits which will be matured in Scotland, in order to ensure continuity of supply.

National Insurance rates rise this week

BY ERIC SHORT

HIGHER RATES of National Insurance contributions take effect this week. Basic rates rise by 0.25 per cent for employees and by 0.2 per cent for employers.

In addition, higher-paid employees and their employers, will pay more because the earnings ceiling has been raised.

Employees fully in the State scheme will pay 6¾ per cent on earnings up to a ceiling of £165 per week, and their employers 13.7 per cent, including the surcharge, up to the same ceiling.

Previously the rates were 6½ per cent and 13½ per cent respectively on earnings up to £135 per week.

Employees earnings £165 or more a week will pay an extra £2.37 a week if they are not contracted out of the State scheme.

For contracted-out employees, the full rate is paid on the first £23 a week of earnings. Thereafter the rates will be 4¼ per cent for employees and 9.2 per cent for employers, up to the ceiling.

For a contracted-out employee earning at least £165 a week, the weekly rise in contributions is £1.69.

The self-employed will also pay higher contributions in almost all cases. The basic flat-rate contribution is lifted by 40p to £2.50 a week.

Although the basic rate for earnings-related contributions stays at 5 per cent for the self-employed, the band on which the contribution is levied is now based on annual earnings of £2,650-£8,300, compared with £2,250-£7,000 previously.

A self-employed person earning £8,300 or more a year will pay an extra £66.20 a year.

Increases in Social Security payments, announced in the Budget, will not come into force until the week beginning November 24. Contribution rates will be reviewed in the autumn.

Petrol prices help raise motorcycle sales by 27%

BY KENNETH GOODING

THE NUMBER of vehicles on British roads grew by nearly 4 per cent last year to 18.62m, according to the Department of Transport's annual census.

The biggest increase was in motorcycles, scooters and mopeds, probably caused by increases in the price of petrol. The number on the road rose by 8 per cent from 1.19m in 1978 to 1.29m last year.

There was a 27 per cent increase in new motorcycle registrations last year.

The number of private cars and vans increased by 3.5 per cent from 14m to 14.57m. This was mainly influenced by a record 1.7m new registrations during the year.

In spite of petrol price increases, motorists showed a continued preference for cars with medium-sized engines. The number of cars in the 1,201 cc to 2,000 cc range increased by 6 per cent from 8.53m to 9.03m, while the number of cars up to 1,200 cc fell from 4.2m to 4.11m.

There was also an increase in cars with engines above 2,001 cc, from 1.09m to 1.17m.

The department estimates the average age of private cars and vans as five and a-half years. About one-third were imported.

Since 1978 vehicle counts have been based wholly on the records held at the Driver and Vehicle Licensing Centre at Swansea, allowing more detailed insight into vehicle characteristics.

● Vauxhall, the General Motors subsidiary, has delivered 20 per cent more cars to fleet customers so far this year than in the same period of 1979, according to Mr. Des Savage, director of marketing.

Recent fleet business, totalling £22.5m, includes orders from Avis, Swan National and Godfrey Davis among the car hire groups, as well as London Carriers and Granada TV Rental.

Mr. Savage claimed that availability of Vauxhall cars was at its best level for some time. During the first two months of 1980 the company had sold more cars in the UK than in any corresponding period since 1973.

The company gained more than 8 per cent of the market in February and March and it is to recruit a limited number of extra dealers.

2,000 building jobs at risk

SENIOR officers of Liverpool Corporation are worried that as many as 2,000 building workers in the municipal and private sectors could lose their jobs because of the city's housing crisis.

The unemployment rate in the building industry in the region is already one of the highest in the country. City councillors will review the position at a special meeting on Thursday when they consider action over the Government's cuts in the housing programme.

Liverpool is to get £47m in grant aid, £16m less than they asked for. As they overspent by £6m on last year's programmes, only about £8m is left for any new projects.

The city works department alone needs about £8.5m to keep its labour force fully occupied. The Corporation has already imposed a halt on all applications for mortgages and improvement grants, and has suspended land purchase and new building contracts.

UK NEWS – LABOUR

Teachers reject disruption curbs

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

TEACHERS yesterday rejected education authorities' plans to restrict their ability to disrupt schools by withdrawing from "voluntary" duties.

The 2,000 delegates to the National Union of Teachers' conference in Blackpool voted unanimously against the employers' plan to obtain a promise from the teachers' unions to reach early agreement on defined working duties.

The authorities want to reach an agreement during negotiations in the Burnham Committee, the joint forum which sets teachers' pay rates, on the Clegg Commission's report on the balance of the 1979-80 pay award.

The commission's report, due to be published next week, is believed to propose that teachers should be expected to work about 37 hours a week during term time, of which ten hours should be devoted to supervising school meals and similar activities now considered voluntary.

Mr. Jim Murphy, immediate past president of the 258,000-member NUT, said the "sudden urgency" of the education authorities' attempt to tighten working conditions was clearly meant to forestall a ban on out-of-hours duties—which the teachers' unions used during disputes a year ago.

"We are not going to accept it," he said to enthusiastic applause.

The union decided to continue meeting the employers in a working party on service and conditions, with the long-term aim of a working year of 190 days, with the equivalent of at least 38 days away from the classroom for preparation and marking.

The conference also expanded the union's scope for protest by removing its ban on action by members employed in special schools, such as those for disabled children.

The NUT executive has already said it will also give support to any of the union's branches which stage a half-day strike on May 14 in support of the TUC's day of action against Government economic policy.

Stores staff accepts

STAFF EMPLOYED in Littlewoods' 109 retail stores have voted to accept a two-stage pay increase giving rises of £8 a week, the Union of Shop, Distributive and Allied Workers said yesterday.

The first increase of £6 will be paid immediately, with a further £2 to be paid in June.

The union said the increase would raise the national minimum basic wage for adult sales assistants to £55 for a 37½-hour week.

The deal, covering 19,000 staff, includes a special provincial rate of £56.75 for sales staff in 14 city stores.

Outer, innner and central London rates rise to £57.90, £60 and £70 respectively. All other job differentials are increased proportionately.

Similar claims from the union are pending with Owen Owen, Lewis's and British Home Stores. The union settled for £55 with Woolworths

Government may impose phased plan for Civil Service pay rise

BY PHILIP BASSETT, LABOUR STAFF

UNION DISARRAY over how to stage an 18¼ per cent pay increase for 600,000 white-collar civil servants is making it likely that the Government will impose staging arrangements without union agreement.

Some union officials think an announcement from the Government could be made as quickly as this week to bring in the staging arrangements by what is known in the Civil Service as administrative action.

The imposition of arrangements is likely to fuel attempts at the unions' conferences next month to claim that the Government is ignoring the present pay agreement for political reasons, and that the unions should pull out of the Pay Research Union comparability system.

Staging the increases is necessary to bridge the 1.9 per cent average gap between the 16.85 per cent available to pay for the increases from the cash limit for the Service and a new round of manpower cuts, and the average size of the agreed increases.

Leaders of the unions have been unable to agree what form the staging should take. A meeting of general secretaries and senior officials last week ended in disarray. The general secretaries will meet again today but little progress is likely.

The Civil Service Department is likely to impose one of the two main staging options which have support among members of the unions' national staff side.

The first is to defer payment of the whole amount to early May by moving the due settlement date from April 1. This could be the least expensive method of meeting the cost of the deal, though some union officials have doubts, because most Civil Service payments are made by computer and even an April 1 agreement would not now be in pay packets until the end of May.

The second would give a large amount from April 1, with the balance in either July or August, depending on the size of the April 1 portion. One union is pressing for the April 1 payment to average 15 per cent.

There is some argument, too, for a range of different staging arrangements for individual unions. One union, the Institution of Professional Civil Servants, is so far behind with negotiations on new rates for its members, because its PRU reports were late, that it sees little advantage in agreeing to short-term staging at all.

While the imposition of staging might raise conference delegates' hackles, some union officials acknowledge privately that it might be the least embarrassing way of resolving the inter-union disagreements.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	National Boys and Girls Exhibition (0532 620361) (until April 9)	Alexandra Palace
Apr. 9—10	Educational Equipment Exhibition (01-247 9326)	Harrogate
Apr. 15—18	COMMUNICATIONS 80—Communications Equipment and Systems Exhibition (021-705 6707)	NEC, Birmingham
Apr. 15—19	Ideal Home Exhibition (0272 312850)	City Hall, Hull
Apr. 17—20	Tipping (vehicles) Convention and Exhibition (01-387 9711)	Harrogate
Apr. 19—21	Optrafair '80 (01-405 8101)	Earls Court
Apr. 21—25	International Fire, Security and Safety Exhibition—IFSSEC (01-388 7661)	Olympia
Apr. 22—May 2	International Machine Tool Exhibition—MACH 80 (01-402 6671)	NEC, Birmingham
Apr. 28	International Food and Wine Exhibition (06284 2442)	Exhibition Centre, Leeds
Apr. 28—May 1	Audio Visual Exhibition (01-688 7788)	Wembley Conference Centre
May 2—5	Spring Motor Cycle Show (04866 74987)	Bingley Halls, Birmingham
May 2—6	Boat Show (0272 657783)	Exhibition Centre, Bristol
May 3—5	National Collectors Exhibition (01-629 4917)	Kensington Town Hall

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	World Fabric Fair (0532 469611) (until April 10)	Geneva
Apr. 13—15	MODEXPO '80: International Ladies Fashion Fair	Zurich
Apr. 15—19	Transport—Expo '80 (01-486 1951)	Paris
Apr. 16—24	Hanover Fair (01-651 2191)	Hanover
Apr. 18—24	International Spring Fair (01-486 1951)	Zagreb
Apr. 21—25	World Tobacco Exhibition (0737 68611)	Nice
Apr. 21—26	Scientific and Measurement Apparatus Exhibition (INSTRUAMA) (01-235 5422)	Brussels
Apr. 24—28	Perfumery and Cosmetics Exhibition COSMOPROF	Bologna
Apr. 29—May 2	Biochemical and Instrumental Analysis Exhibition (ANALYTICA) (01-486 1951)	Munich
May 2—9	Salon International du Textile et du Cuir (01-584 8827)	Casablanca
May 6—8	Compec Europe Exhibition (01-261 8000)	Brussels
May 7—11	Scandinavian Furniture Show (01-540 1101)	Copenhagen
May 10—13	International Trade Fair for Optometry—OPTICA (01-409 0956)	Cologne
May 14—17	International Tyre Dealers, Vulcanizers and Retreaders Trade Fair	Essen
May 17—21	Industrial Equipment Exhibition	Brussels
May 19—21	Mint Directors Conference and Exhibition (01-486 1951)	Utrecht
May 20—23	International Petroleum Exhibition—PETROTECH	Amsterdam
May 26—30	International Rubber and Plastics Exhibition (021-705 6707)	Singapore
May 27—30	Petroleum and Marine Environment International Conference and Exhibition	Monte Carlo

BUSINESS AND MANAGEMENT CONFERENCES

Apr. 10—11	Brunel University: Coping with Conflict and Management Change (0895 56461)	Uxbridge
Apr. 11	Oyez—IBC: Media Research and the Advertiser—The Unexploited Factor (01-242 2481)	Hilton Hotel, W1
Apr. 14	Oyez—IBC: Consumer Credit Act 1974: New Orders and Regulations (01-242 2481)	Hilton Hotel, W1
Apr. 15	IPS: Controlling Purchasing Costs in an Inflationary Climate (0990 23711)	London Press Centre
Apr. 16	CCC: Letting Residential Property for Profit (01-222 6362)	Hilton Hotel, W1
Apr. 16—17	Food Manufacturers' Federation 8th Annual Conference: Food for Growth (01-836 2460)	Grosvenor House, W1
Apr. 9—11	Leeds University: Manpower in Transport—Future Prospects (0532 35036)	Leeds
Apr. 14—16	UKAEA (NCSR)/Turnkey Software: Data Management for High Technology Industries (02407 3410)	Southport
Apr. 15	Chiltern Personnel Consultants: Practical Salary Administration (04946 4822)	Gerrards Cross
Apr. 15—16	M. G. Howitt and Ass.: Sales Promotion—Building Products and Services (0533 730400)	RIBA, W1
Apr. 16	Netherlands-British Chamber of Commerce: Holland—a profitable base for international operations (01-405 1358)	Accountants Hall, EC2
Apr. 16	IPS: Waste—Reclamation or Disposal (0990 23711)	Carlton Tower, SW1
Apr. 18	Oyez: Zero Base Budgeting—A priority Planning Approach to Controlling Overheads (01-242 2481)	Carlton Tower, SW1
Apr. 18	Gower: 1980 Employment Bill . . . and After . . . A New Direction for Industrial Relations? (01-242 9485)	Royal Garden Hotel, W8
Apr. 18	CCC: New U.S./UK Double Tax Treaty—its Substance and Implications (01-222 6362)	Hilton Hotel, W1
Apr. 21—23	Institute of International Business Law and Practice: Arbitration and state courts (Paris 225.40.33)	Paris
Apr. 21—23	Oyez: London Insurance Conference (01-242 2481)	Grosvenor House Hotel, W1
Apr. 22	Gower: Trading with Zimbabwe (01-242 9485)	Waldorf Hotel, WC2
Apr. 23	ESC: Solving the Problems of Trade Unions in the Hotel and Catering Industries (057282 2711)	Cumberland Hotel, W1

CompAir

Notice of an adjourned Meeting of the holders of the U.S. Dollar 8½% Convertible Bonds Due 1987

On 10th March, 1980, CompAir Limited ("CompAir") published in the *Financial Times* a Notice convening a Meeting of the holders of the 8½ per cent. Convertible Bonds Due 1987 ("the Bonds") to consider and, if thought fit, approve an arrangement which CompAir was proposing to Bondholders in connection with offers made by Imperial Continental Gas Association ("the Association") to acquire the share capital of CompAir (which offers were declared unconditional in all respects on 24th March, 1980). The time appointed for the holding of this Meeting was 11 a.m. on Thursday, 3rd April, 1980. At that time, the prescribed quorum was not present and the Meeting was adjourned to 11 a.m. on Tuesday, 6th May, 1980. In accordance with the Trust Deed constituting the Bonds, a Notice of this adjourned Meeting is printed below. At the adjourned Meeting the quorum will be two or more persons holding Bonds or voting certificates or being proxies and being or representing in aggregate the holders of not less than one-quarter of the Bonds.

The arrangement which CompAir is proposing to Bondholders at the request of the Association is in accordance with the Trust Deed constituting the Bonds and will entitle Bondholders to receive a consideration of:—

£714.41 in cash for each $1,000 Bond

Any Bondholder who so wishes may (up to the close of business on 30th May, 1980) elect to receive, instead of £714.41 in cash, £340 nominal of 8 per cent. Convertible Unsecured Loan Stock 1995/2000 of the Association and £374.41 in cash.

The Resolution to effect the arrangement requires to be passed by a majority of not less than three-quarters of the votes cast at the Meeting. When the Resolution becomes effective, it will be binding on all the Bondholders, whether or not present or represented at such Meeting, and upon all the Couponholders.

If they have not already done so, Bondholders are therefore asked to deposit their Bonds with Paying Agents to obtain voting certificates or appoint proxies as soon as possible. It should be noted that Bonds must be lodged not less than forty-eight hours before the Meeting.

Unless revoked, block voting instructions and voting certificates for the first Meeting will remain valid in respect of the adjourned Meeting.

The Directors of CompAir, and Morgan Grenfell & Co. Limited who have been appointed by CompAir to advise Bondholders and have been approved by the Trustee in accordance with the Trust Deed, consider the arrangement to be fair and reasonable and more advantageous to Bondholders than conversion and subsequent acceptance of the offers. Accordingly they recommend all Bondholders to vote in favour of the Resolution set out in the Notice of Meeting.

COMPAIR LIMITED

NOTICE IS HEREBY GIVEN that an adjourned Meeting of the holders of the 8½ per cent. Convertible Bonds Due 1987 of CompAir Limited will be held at Winchester House, 100 Old Broad Street, London EC2, at 11 a.m. on Tuesday, 6th May, 1980 for the purpose of considering and, if thought fit, passing the following Resolution, which will be proposed as an Extraordinary Resolution:—

EXTRAORDINARY RESOLUTION

THAT, subject to the offers by S. G. Warburg & Co. Ltd. and Lazard Brothers & Co., Limited on behalf of Imperial Continental Gas Association ("the Association") contained in the offer document (the "offer document") dated 29th February, 1980 (a copy of which has been produced to this Meeting and signed for the purpose of identification by the Chairman hereof) to acquire the New Shares and the Deferred Shares (or the Existing Ordinary Shares) (all as defined in the offer document) of CompAir Limited ("the Company") or any revision thereof becoming or being declared unconditional in all respects*, this Meeting of the holders of the 8½% Convertible Bonds Due 1987 of the Company ("the Bonds") constituted by a Trust Deed dated 7th April, 1977 and a Deed supplemental thereto dated 4th April, 1979 (together referred to as "the Trust Deed"), of which Barclays Bank Trust Company Limited ("the Trustee") is the trustee, hereby:—

(1) sanctions the abrogation of and arrangement in respect of the rights of the Bondholders and of the Couponholders under the Trust Deed so that:—

(a) each Bondholder shall be bound to accept from the Association payment of, and the Association shall be bound to pay to a Bondholder who surrenders his Bonds in accordance with paragraph (b) below, £714.41 for each $1,000 Bond in lieu of his rights in respect thereof Provided always that any Bondholder shall, subject to paragraph (c) below, be entitled to elect to receive £340 nominal of 8 per cent. Convertible Unsecured Loan Stock 1995/2000 of the Association ("the Association's Convertible") (as more particularly described in the offer document) instead of £340 of the consideration otherwise payable under this Resolution and the Company shall procure that the Association shall make available the consideration provided for by this paragraph;

(b) payment of the cash consideration will be made upon surrender of Bonds at any of the offices of the Paying Agents specified on the Bonds any time from 48 hours after this Resolution becomes effective until the close of business on 30th June, 1980. Such payments made in London will be made in sterling and payment made elsewhere will be made by sterling cheque drawn on a bank in London subject in all cases to any fiscal or other laws and regulations applicable thereto. Any Bondholder who wishes to receive the Association's Convertible on the basis stated above will be required to sign a form of election which will be available at the offices of the Paying Agents. Documents of title (renounceable for a limited period) in respect of any of the Association's Convertible to be issued will be posted at the Bondholder's risk to the address stated in the form of election;

(c) the right of Bondholders to elect to receive the Association's Convertible will terminate in respect of any Bonds not surrendered in accordance with paragraph (b) prior to the close of business on 30th May, 1980;

(d) no further payment of interest will be made on any Bonds in respect of any period after 31st March, 1980;

(e) all the Bonds and Coupons shall be cancelled forthwith upon this Resolution becoming effective except, in the case of the Bonds, for the purpose of evidencing the right to receive the consideration specified in paragraph (a) above;

(f) payment of cash in respect of Bonds not surrendered as aforesaid will be made by the Association to the Trustee who will hold the same in accordance with the terms of the Trust Deed against surrender of the Bonds at Barclays Bank Trust Company Limited, 54 Lombard Street, London EC3 at any time prior to 2nd April, 1997, when the Bonds will become void. Any interest earned on the appropriate part of the same shall be payable to a Bondholder who so surrenders his Bond (subject to paying or providing for payment in satisfaction of any remuneration, costs, charges, expenses or liabilities, including taxation, of or incurred by the Trustee) but there shall be no obligation on the Trustee to arrange for the earning of any such interest; and

(g) notice of this Resolution becoming effective will be advertised in accordance with the provisions of the Trust Deed; and

(2) authorises and empowers the Trustee to concur in, execute and do all such deeds, instruments, acts and things as may be considered necessary or expedient for the purposes aforesaid or otherwise to give full effect thereto.

Registered Office:
Brunel Way, Slough, Berkshire SL1 1XL, England.
8th April, 1980.

BY ORDER OF THE BOARD,
JOHN BRUCE
Secretary.

NOTES:

(1) An Extraordinary Resolution passed (by a majority of not less than three quarters of the votes cast) at a meeting of the Bondholders duly convened and held shall be binding on all the Bondholders whether present or not at such meeting and upon all the Couponholders.

(2) A Bondholder entitled to attend and vote at the above Meeting may obtain a voting certificate or appoint a proxy to attend and, on a poll, to vote in his stead. A proxy need not be a Bondholder.

(3) Bonds may be deposited with (or held to the order of or otherwise controlled to the satisfaction of) Paying Agents for the purpose of obtaining voting certificates or appointing proxies until 48 hours before the time appointed for the Meeting but not thereafter.

(4) The quorum for the passing of an Extraordinary Resolution at the Meeting is at least two persons holding Bonds or voting certificates or being proxies and being or representing in aggregate the holders of not less than one quarter of the Bonds.

* As stated above, the offers made on behalf of the Association were declared unconditional in all respects on 24th March, 1980.

The Directors of CompAir have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and no material facts have been omitted and jointly and severally accept responsibility accordingly.

Building and Civil Engineering

£7.3m Abu Dhabi award

WITH ENGINEERS Roughton and Partners as prime consultants Architects Design Partnership is the winner of an international competition for the design of a £7.3m Police Force Traffic Department Headquarters in Abu Dhabi United Arab Emirates, sponsored by the UAE Department of Public Works.

The winning scheme is divided into four zones. Central buildings containing administration, judicial, dining and stores areas. To the west will be residential areas and a mosque and to the south, a vehicle park, maintenance and service areas. To the east there will be parking for cars and space for possible future expansion.

The central bulidings will be disposed around a shaded courtyard with a pool and plants. In the judicial wing, detention rooms will have a direct access to court rooms with separate entrance for detained persons.

Residences will be provided in separate buildings away from work zones with a landscaped recreation space between.

Vehicle maintenance and service zones are also planned as a separate unit and a helicopter pad will be located on the roof of the three-storey vehicle park.

The proposed structure will be in reinforced concrete using a 6-metre module with concrete block infilling and a rendered finished. All buildings will be air-conditioned and sun penetration kept to a minimum by planned orientation of departments with overhanging floor and roof slabs to give maximum shading. All zones will be enclosed within a perimeter wall for security reasons.

Work is expected to start on site in mid-summer.

£2.8m homes in Abu Dhabi

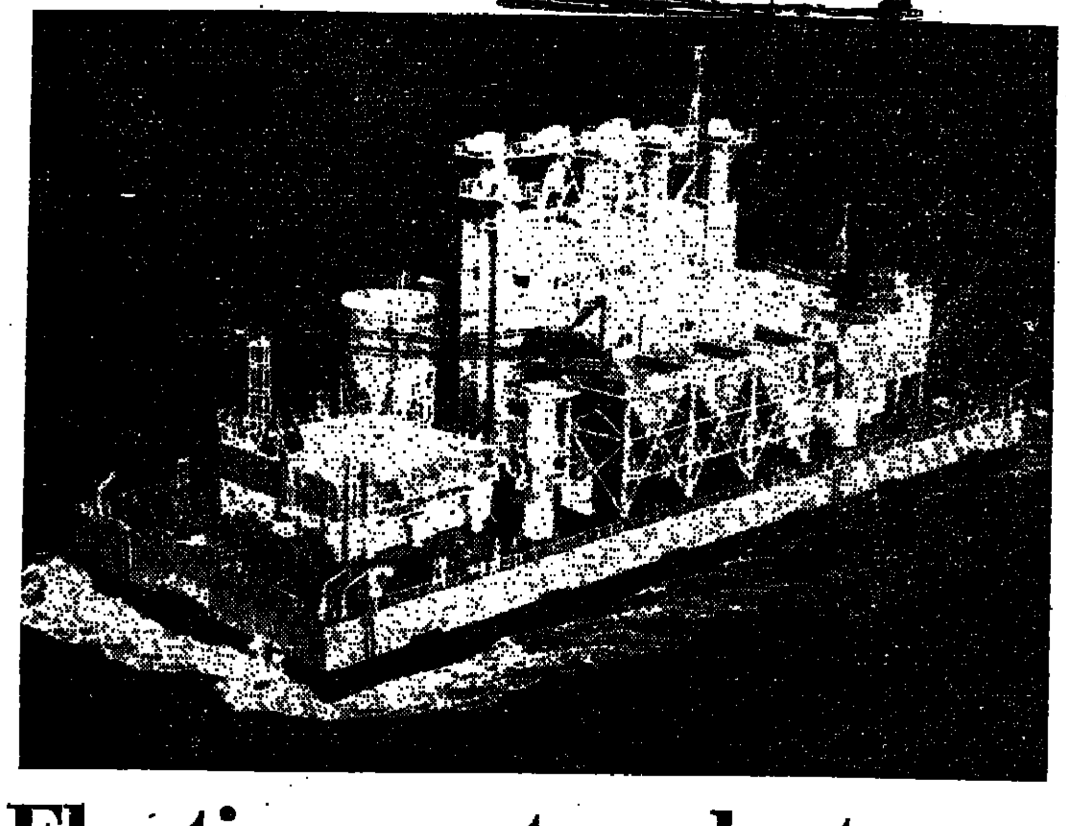
CONTRACTS worth about £2.8m for the building of new homes and a commercial/residential development at Al Ain in the Emirate of Abu Dhabi, have been awarded to Al Naboodah Laing, a John Laing Group associate company.

At Hili on the northern outskirts of Al Ain, the company is to build 100 single-storey two bedroom brickwork-faced villas with ancillary works, for the Office of the Diwan of the Ruler's Representative of the Eastern Province of the Emirate of Abu Dhabi. Al Naboodah Laing has already completed or has under construction 360 villas at Al Ain for the same client.

This latest project is due for completion in 19 months. The architects are Conser of Lebanon and Abu Dhabi.

Work has also started at Al Ain on the construction of a three-storey building with ground-floor shops and residential accommodation above, under a £370,000 contract for Mohammed Bin Saleh.

Architects for the building, which will have a reinforced concrete frame and marble cladding, are the Architecture and Urban Design Company.



Floating mortar plant

NEXT December, this 11,500 dwt floating mortar plant, capable of producing and injecting under water up to 6 cubic metres of mortar per minute, will be put into operation in Japan.

The plant, manufactured in a joint venture of Kubota, one of Japan's largest metalworking firms and Mitsui Shipbuilding and Engineering Company was ordered by the Honshu-Shikoku Bridge Authority. Kubota undertook engineering and construction of the mortar plant and Mitsui built the barge in which it is mounted.

The plant, needed for a big bridge project, will be used to inject mortar into 14 steel caissons positioned on the sea bed at water depths ranging from 10 to 50 metres. Prior to this, the caissons will have been filled with coarse aggregate. A total of 600,000 cubic metres of mortar will be pumped in.

The bridge system scheduled for completion in 1985, will link Kojima City on Honshu Island and Sakaide City on Shikoku Island, a distance of 13 km, and will include six bridges linking several other islands between the two cities.

Weighing of materials, monitoring mortar quality, production flow and feeding mortar into the caissons will be under the control of a computer and the weighing system is said to have an accuracy of plus or minus 0.5%, there being automatic compensation for barge roll and pitch up to 5 degrees.

It is stated that Kubota will be marketing the plant in the U.S. and Europe. The principal plant capacities to be offered will be from 0.2 to 4 cubic metres of mortar per minute.

Breaks it all up

INCORPORATION of a new macerator in its latest Rolls rotary crude sewage pump by Tuke and Bell means that the pump can be used for main drainage from warehouses, garages and small office blocks without risk of blockage by extraneous matter, says the company.

The integral macerator will deal with a variety of entrained solids such as rags, paper, plastic sheets and bags.

Objects such as pieces of wood, bone or hard plastic, which are not readily shreddable, are eventually worn away until they are small enough to pass easily through the pump and rising main, it is stated.

It is a self-contained device which may be bolted on to existing pumps where needed. New pumps can be factory-fitted with the macerator which replaces the steel chamber hitherto included on the standard pump.

Tuke and Bell is at 43 East Street, Horsham, Sussex RH12 1HR (0403 4371).

Preston dock site study

CENTRAL Lancashire Development Corporation has been asked by Preston Borough Council to carry out redevelopment studies on the 300-acre dock site.

Sir William Halcrow and Partners are to undertake engineering studies, which would be completed by the end of June. Halcrow will examine the engineering and hydrological implications of closing the dock and identify various redevelopment options and their estimated costs.

The Corporation is also obtaining advice on possible recreational uses if the redevelopment option eventually chosen is one in which water is retained in the dock. Site investigation studies will also be made of the rest of the land in the dock estate, not directly associated with the dock basin.

Opened in 1892, the dock has a total water area of 45 acres which would need 2m cubic yards of filling material.

Shops to be redesigned

OVER THE next two or three years about £1.8m will be spent on refurbishing 46 Jean Machine shops in the UK.

John Michael (Design Consultants) of London is to be responsible for redesigning the corporate image of the company and much of the shopfitting will be carried out by A. Davies and Co. (Shopfitters) of Horn Lane, London W3.

The first redesigned shop is due to open in Oxford Street, London in May.

Offices and road work

TWO CONTRACTS, together worth about £2m have been won by Sir Alfred McAlpine and Son (Northern).

The largest, valued at well over £1.2m, covers the building of an office and distribution centre for Lego UK at Ruthin Road, Wrexham, Clwyd. Architects are the Chris Cowen Partnership and the quantity surveyors are Kinsler and Partners.

For ICI Mond Division, McAlpine is to construct a 900 metres road at Thornton Cleveleys, Lancashire, under a contract worth over £730,000. This will be the west access road to Hillhouse Works from Fleetwood Road, together with a spur road to Burn Hall Works. Surface water drainage, a brick gatehouse, sheet piled retaining wall to an embankment, and miscellaneous foundations are also included in the contract.

More work in Saudi Arabia

A FURTHER phase of the King Abdul Aziz University sports complex development in Saudi Arabia is to be undertaken by W. S. Try (International). Try recently completed the first phase of the complex costing over £6m on schedule.

The latest phase costing £1¼m includes reinforced concrete stands to accommodate 1,300 spectators in upholstered chairs. The work is to be completed in 12 months. The stands will be fully carpeted and air-conditioned.

Making it up to date

MODERNISATION work at Queenslie Industrial Estate, Glasgow, is to be undertaken by Taylor Woodrow Construction (Scotland) under a contract valued at £224,500 from the Scottish Development Agency.

The architects are Boswell, Mitchell and Johnston and quantity surveyors Ian Mackenzie and Partners.

Another Taylor Woodrow Group member, Myton, has been awarded a £276,000 contract for work at Bucklersbury House, London EC4, by Legal and General Assurance.

The contract is for the refurbishment and upgrading of the fourth floor, Cannon Street wing of the building, including complete new air conditioning and electrical installations.

The air conditioning system has been designed by Longstaff and Shaw and the electrical installations by F. A. Taylor and Co. Structural engineers are Wheeler and Jupp and the quantity surveyors E. C. Harris and Partners.

£1.3m gas work for Biggs Wall

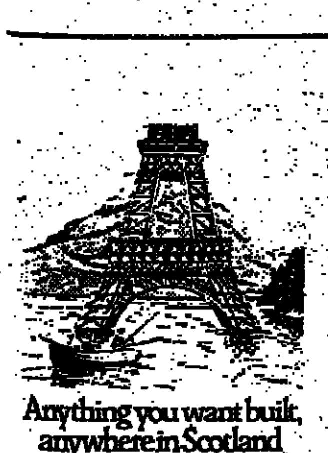
GAS MAINS and service laying work costing about £1.3m is to be carried out by Biggs Wall and Co under three contracts awarded by British Gas.

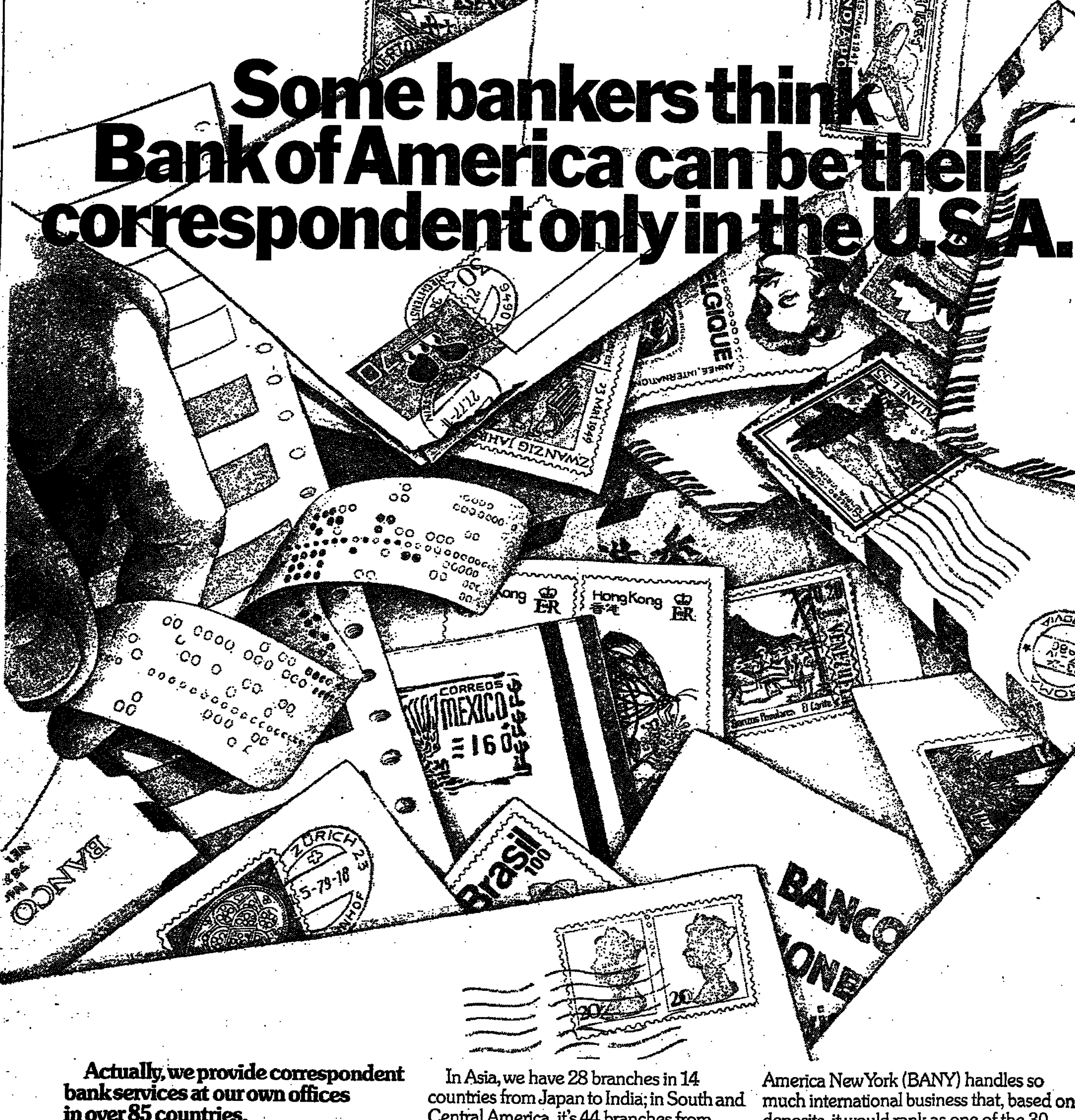
These awards cover a two-year mains and service laying contract worth £1m in the Chilterns area; a 200mm diameter pipeline in Bishops Stortford, (both of these are for Eastern Gas) and the contruction of about 10,000 metres of 200mm diameter steel main valued at £253,000 at Leighton Buzzard for Southern Gas.

The latter contract, which will be of three months' duration, will include five road crossings, one by auger bore.

IN BRIEF

- The British Airports Authority has awarded a £870,000 contract to William Tawse for the construction of a parallel taxiway at Dyce Airport, Aberdeen.
- Planning permission is being sought for the restoration after a fire of Waring and Gillows' premises on the corner of Albion Place and Lands Lane, Leeds. Owner of the building, Mark Rowlands, has appointed Gillinson Barnett and Partners as architects.
- Teddington Industrial Equipment, Sunbury-on-Thames, Middlesex has two contracts, valued at £½m for the supply and installation of a central control room desk type panel and associated equipment cubicles, together with a large floor standing instrument panel, for British Nuclear Fuels at its Capenhurst plant, near Chester.
- Graham Wood Structural, part of the Amsteel Group, has won a contract for structural steelwork for the extension to Fenwicks store in New Bond Street, London, W1. The value of the contract is £240,000.
- Roadcoat has laid a 6mm thick epoxy resin floor over a 1,250 sq metre area of Henry Balfour's factory in Leven, Fife, which provides a smooth, easily maintained and high impact surface with wear resistant qualities.





Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SECURITY

Not so easy to steal the cash

WHETHER OR not the advent of a time-lock controlled cash dispensing system will reduce the numbers of raids on banks, building societies and other places where large amounts of money have to be handled remains to be seen. But it is certain that the German-designed "Timelock" equipment will sharply cut the amounts of money stolen in such raids.

The reason is that the equipment is designed around a series of shuttered compartments each containing a predetermined number of notes of, say, four denominations. Under the control of a timer, the shutters are drawn down, releasing the money in the successive protected compartments, at intervals selected by the head cashier to correspond to the anticipated rate of withdrawals for the day.

Vital delay

It is not possible to override the time setting for the various compartments in the sense that any change to the setting keys by itself imposes an extra delay of six minutes before the new timing itself comes into effect. In a bank hold-up these six minutes would be vital.

The maker does not suggest its equipment is a replacement for bullet-proof glass or anti-bandit screens, but asserts that it could go some way towards solving the hostage problem.

The equipment is available in a number of versions including one which shows the time to opening for each column of note compartments. It is also offered with a capacious note safe with its own time lock so that cashiers at a busy desk can place incoming notes in immediate security prior to sorting.

Other activities

The group offering this equipment in Britain, Unilock, is expanding quickly into the total refurbishing of large premises—which covers the supervision of removal of asbestos-based walling and other materials, the installation of air-conditioning and partitioning and the provision of interior design and contract furnishing, including "electronic" furniture.

Despite the depressed state of the building industry in general, the trend towards increasing adoption of the reinstatement solution for outmoded business premises in city centres is seen as a good basis for the company's predictions of continued growth, particularly on the strength of the large package deals it is in process of negotiating. Turnover for the current year should reach about £4m and Unilock is looking very hard at export markets.

Further details from Unilock Group, 176, Vauxhall Bridge Road, London SW1V 1DX. 01-828 4651.

● MACHINE TOOLS

A bio-medical engineer at the Institute of Laryngology and Otology, London, using a Kaiser micrometer adjusted small boring head accurate to .0002in to machine a mould for a plastics component used in surgery. Many of the moulds used for making very small plastics components are produced "in house" on this equipment, allowing component design to be kept as nearly as possible in step with operating and post-operative needs. The boring head was a gift by Kaiser, Switzerland, through Matchless Machines of Horsham, Sussex, as part of a programme of aid to research establishments and training establishments.

High performance reamer

THE PRODUCTION Engineering Association reports that it has granted licences for the manufacture of its high performance reamer to two Sheffield companies: Beever-Strongs and Marsh Brothers Tools, both subsidiaries of Brooke Tool Engineering (Holdings).

The tool was developed some time ago during a research project and has an unusual geometry of the cutting edges. A very slight bevel lead angle enables high feed rates to be employed and the negative axial rake or "spiral point" geometry facilitates swarf clearance so that superior hole surface finish results.

It is also claimed that there is an overall reduction in the cost of reamed holes, greatly increased rates of penetration, improved tolerances and a longer life for the reamer.

An interesting aspect of the move by PERA is that although the patent expired in August 1978, the design was also originally protected by copyright, and this protection continues.

PERA is at Melton Mowbray, Leicestershire (0664 4133).

● DATA PROCESSING

Flexible time scheme

SOME 25 sites of Greater Manchester Transport are being equipped for flexible working time by Borer Data Systems.

The move is of some interest because GMT, like all such transport undertakings, has to provide sufficient vehicles to meet peak demand. By going for flexible time itself, it hopes to encourage other Manchester firms to follow suit, thus reducing the difficult peaks. In the longer term flexible hours should lead to more efficient utilisation of many kinds of services.

In the Manchester scheme each employee working flexible hours uses an identification card which doubles as the time registration badge. The card is inserted into a reader and the event recorded on a central controller. The employee will be able to see his attendance record and register periods of planned absence. The cards can be used at any of the 25 sites.

Borer is at Molly Millars Lane, Wokingham, Berks (0734 791137).

Workshop control systems

DEVELOPED by Kewill Systems under the NCC Software Products Scheme and financed by the Department of Industry is what is claimed to be the first microprocessor-based production control and workshop scheduling system.

It is likely to be of interest to jobbing and sub-contract machine shops, heavy and high precision engineers ,and maintenance or repair shops. Employment levels will be between 30 and 300 either in independent companies or in parts of large concerns. It will be particularly relevant where manufacture is strictly to customers' orders or is in small batches of a wide variety of products.

Entered in to the machine's memory will be part numbers and manufacturing structures with operation times and so on, the system being implemented in conjunction with a consultant from Kewill.

From screen and printer the system will then provide work in progress reporting and control, machine and factory loading, forecasts of job finish dates, overdule reports, and schedules for each machine/work station to follow.

The system can be used at whatever level of sophistication is needed in a particular factory, from simple work in progress reports to detailed machine loading and scheduling of all kinds of work. Further software is under development that will deal with job costing and material control.

Benefits claimed in the use of the system, which is called Micross, include lower work in progress levels and better forecasts of delivery dates making it possible for managers to stick more closely to delivery promises. It should also result in better utilisation of men and machines and provide superior management information. It is possible for the machine to be used for other purposes including accounting, design and so on and an "own program" interpreter and compiler is available.

Hardware consists of a Zilog Z80 processor with 64k bytes of memory, Shugart dual floppy disc store (one megabyte), a Texas Instruments printer and a 1920 character visual display unit.

The system can cope with 2,000 jobs in progress, 5,000 operations, 100 work centres and 200 days of forward scheduling.

Kewill Systems, 500, Chesham House, 150, Regent Street, London W1R 5FA (01-734 5351).

● SERVICES

Heat loss displayed

INCIPIENT structural and heat loss problems can be shown up by means of a service now offered by DBM Systems, Donhead St. Mary, Shaftesbury, Dorset SP7 9DX (074788 645).

Using portable infra-red thermographic and ultrasonic detection equipment, the company claims to be able to detect faults in structural components, buildings of all types, storage tanks, high energy consuming units such as furnaces, kilns and ovens, often before they can become major problems.

Heat loss or gain from buildings or containers can be discovered and quantified so that poor insulation can be rectified and fuel bills reduced. Infra-red scanning cameras are use in which the resulting pictures show warm areas of a surface distinctly differentiated from cool ones. Very small temperature differences can be spotted caused by faults which may be invisible to the eye.

● LIGHTING

Fluorescent substitute for bulb

A REUTER report from Amsterdam says that Philips Gloeilampenfabrieken has started deliveries in continental Europe of a miniature fluorescent lamp which is a direct replacement for the conventional filament bulb.

The 18 watt version of this "SL" lamp is priced at over £7, which compares with about 40p for a traditional 75 watt light bulb with the same output.

However, the claim is that the new lamps will use one quarter of the energy, last five times as long and in most cases will be interchangeable with old bulbs using existing light fittings.

● ELECTRONICS

Provides a crisp image

AIMED AT original equipment manufacturers who need to produce quality crt images in their systems, the 606B display monitor from Tektronix is able to generate a uniform spot size of 0.79 mm and a light output variation of less than 10 per cent in the central quality area.

A five inch (125 mm) flat faced rectangular cathode ray tube is used, yielding a display linearity of 1 per cent along the major axes. A metal bezel forms a solid mounting for heavy cameras, preventing distortion and light leaks.

Physical dimensions of the monitor are 133 x 213 x 519 mm and the weight is 7.9 kg. Power requirements are designed for worldwide use.

More from the company at Beaverton House, PO Box 69, Harpenden, Herts (05827 63141).

Computer services survey

IN ITS first financial survey of the British computer services industry Jordans provides data on 179 companies, 50 of which are analysed in depth with four years' financial figures.

It is an industry of small companies—50 per cent of them employ fewer than 10 people—and it has not, according to survey author Joseph Roth enjoyed too much support from traditional sources in the City and elsewhere.

Nevertheless, says Roth, growth rates average about 20 per cent compound per year so that new money is often sorely needed.

Roth queries the validity of the conventional institutional approach to investment—mainly through the financial statement. He suggests that the British institutions might well follow their colleagues in the U.S. and Europe and employ computer specialists on their staffs so that they would be better equipped to assess potential from technical as well as financial viewpoints.

The survey costs £80, from Jordans Surveys, Brunswick place, London N1 (01-253 3030).

● COMPONENTS

Thermoplastic springs

DESCRIBED by its originators as "completely new" is a series of springs produced in thermoplastic materials to cover a very wide group of industrial applications.

Monospring describes the range—patents are pending on the manufacturing process—which encompasses tension and compression types in single and double helix complete with end-loops.

Round, oval, flat oval and hexagon shapes are available in coil diameters from 1mm to 50mm. Coil size runs from 0.24 to 4mm using both round and oval-shaped thermoplastic.

Materials used include nylon, polyethersulphone, polyvinylidene fluoride, polyethylene and poly-4-methylpentine.

Up to an operating temperature of 80 degrees C, benefits conferred include abrasion and corrosion resistance, and for several types "shape memory."

Further information from Monolux, Monolux House, Trent Valley Works, Trent Valley Road, Lichfield, Staffs. Lichfield 28958.

● MATERIALS

Moulding release agents

TWO NEW aerosol release agents for use by the plastics and rubber moulding and foundry industries are being marketed by Ardrox, part of the Brent Chemicals International Group.

Ardrox 7300, a silicone free material, is suitable for use when the moulding is to be subject to further processing such as painting, screen printing, or the use of adhesives. Ardrox 7400 is a silicone based material and is said to be especially suitable for use where high production rates are involved.

Both types are suitable for use in injection and compression moulding, including mouldings with metal inserts, vacuum forming and sand and investment casting.

The company is located at Furlong Road, Bourne End, Bucks. (Bourne End 24951).

هكذا من الأصل

THE MORNING AFTER THE FLIGHT BEFORE.

Anyone who has spent around 20 hours in an aeroplane will know the feeling. It's rather like waking up with a double hangover.

And you leave the plane both looking and feeling like you haven't slept for a week. Which is no way to embark on any visit, be it business or pleasure.

Happily though, since April 2, you can fly to the Orient and still feel fit to greet the rising sun.

Because that's when we began our new twice weekly 747 service from London Gatwick to Bangkok and Manila.

Our new 747s are the only aircraft to offer first class passengers comfortable beds that are officially certified for occupancy during take off and landing.

Which means you don't have to get up in the middle of the night when we refuel at Bahrain or discharge passengers at Bangkok.

Instead, you sleep undisturbed until it's time for early morning tea. The otherwise weary traveller will also be heartened to hear that our food is every bit as refreshing as our accommodation.

We serve "La Nouvelle Cuisine" in all classes and it has been judged by Plaisir Gastronome, the Swiss gourmet society, to be the finest Airline food in the world. And finally, when you arrive in Manila, refreshed and raring to go, our extensive network can whisk you direct to all the great commercial centres of the East and Australasia.

So now there's a way to the East that you needn't lose sleep over. After all, the last thing we want to do is make you feel like you need a day to recover.

Philippine Airlines

Twice a week to Manila. And all points East.

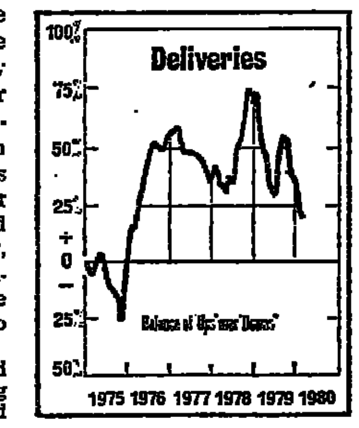
FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Pessimism undimmed by Budget

INDUSTRY has become more pessimistic both about the general outlook for the economy and about the prospects for individual companies. For example, the index of optimism about company prospects has now fallen below the low point reached in December, 1976, and is not far above the February, 1975, low. Almost all the companies were contacted after the Budget and none wanted to revise their views.

All three sectors interviewed in the latest survey—building and construction, food and tobacco, and textile and clothing—are heavily inclined to be less optimistic about the economy. The Budget has made little difference and, if anything, it has left industry slightly more pessimistic.

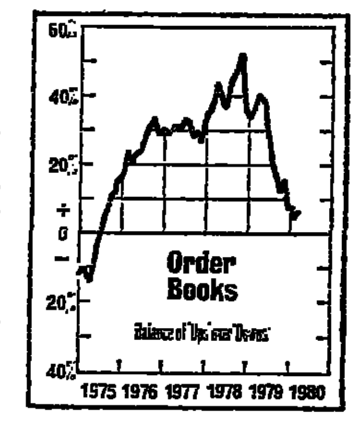


There has been a further decline in expectations about export prospects over the next 12 months and all the indices here are at new low points. All three sectors continued to mention the strength of the pound as a major factor affecting exports.

ORDERS AND OUTPUT

Weakening of demand

THE WEAKENING of demand reported since last summer has halted for the time being though it is too early to say whether this is a freak result or a temporary phenomenon. This applies to the indicators both for new orders and for the level of order books. There has, however, been a small further decline in the indicator of deliveries over the last four months. In particular, both the building and construction and the textile and clothing sectors were less inclined to report increased deliveries than they had been last November.



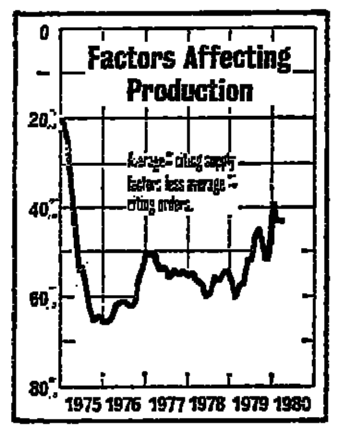
The food and tobacco sector was rather more inclined than it had been last November to expect to increase sales over *the next 12 months.* Consequently, even though the other two sectors expected smaller rises than they had done last November, this index has moved slightly upwards—though the movement is regarded as insignificant.

CAPACITY AND STOCKS

Production held back

THERE IS increasing evidence that industry's stock levels are too high in relation to current sales. This was reported particularly by the textile and clothing sector. The index for expected stock levels over the next 12 months has continued to decline.

The impact of falling demand is also shown in the detailed answers to the question on factors currently affecting production. All the companies interviewed in the building and construction sector said that output was affected by a shortage of UK demand whereas in November only about two-thirds gave this reply. There was an increase in mentions of shortages of raw materials and of labour disputes in supplier companies. In the food and tobacco sector this was chiefly due to some companies finding supplies of cans restricted as a result of the steel strike.



These two effects offset each other so that there was no change in the index of the extent to which output or sales are affected by demand rather than by supply shortages.

CAPACITY WORKING

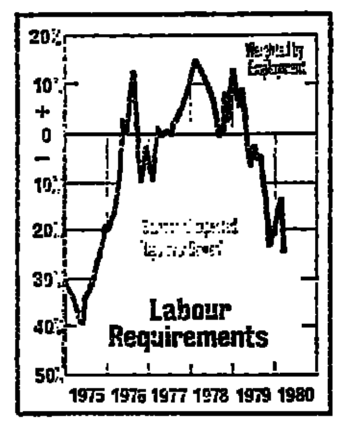
	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Above target capacity	9	14	14	12	19	—	5
Planned output	63	54	51	50	58	98	26
Below target capacity	26	30	33	36	23	2	69
No answer	2	2	2	2	—	—	—

INVESTMENT AND LABOUR

Caution about employment

INDUSTRY HAS become more cautious about its expected labour needs. All three sectors covered by the latest survey were more inclined to expect their labour force to decrease than they had been last November. This index dropped quite sharply to its lowest level since the mid-1970s. All three sectors were also more inclined to say that they were discouraged from increasing employment by uncertainty about the future.

There is also increasing pessimism about the outlook for capital spending and the indices for expenditure over the next 12 months have continued to fall. Moreover all three sectors covered were less inclined to say liquidity levels were too high, the food and tobacco and the textile and clothing sectors were more inclined to say that they were too low. Consequently the liquidity index has fallen quite sharply.

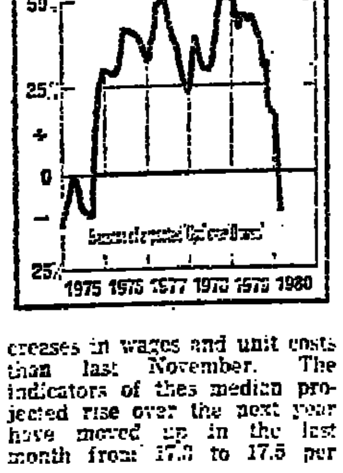


The special question on exchange controls again shows that last October's abolition has had no effect for most companies (roughly three-quarters of those replying). This is partly because they had always been able to obtain finance though some said that abolition had made life simpler.

COST AND PROFIT MARGINS

Inflationary pressures

INFLATIONARY pressures are continuing to increase. Both the building and construction and the textile and clothing sectors expected higher increases in wages and unit costs than last November. The indicators of thes median projected rise over the next year have moved up in the last month from 17.3 to 17.5 per cent for wages and from 14.8 to 15.1 per cent for unit costs.



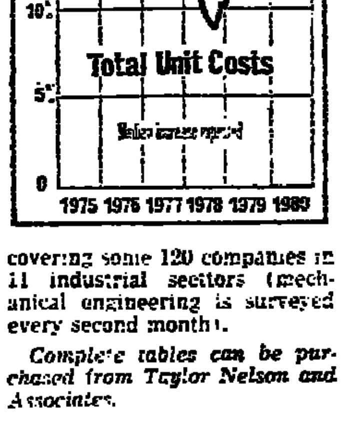
Only 17 per cent of companies expected wage rises of less than 15 per cent over the period This is in apparent contrast with the Confederation of British Industry's data bank which shows that 52 per cent of all pay rises in manufacturing since last August have been for less than 15 per cent.

However, the food and tobacco sector expected smaller increases in prices than it had done last November. This more than offset greater pessimism about prices in the building and construction sector. Consequently, the median expected rise over the next 12 months has fallen from 14.8 to 14.3 per cent.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving t otals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).



Complete tables can be purchased from Taylor Nelson and Associates.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
More optimistic	18	24	24	22	23	24	34
Neutral	34	36	37	38	39	31	35
Less optimistic	48	40	39	40	38	45	31

EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Higher	47	48	52	59	38	34	56
Same	29	30	29	29	32	13	24
Lower	22	22	18	11	30	13	20
Don't know	2	1	1	1	—	40	—

NEW ORDERS

The trend of new orders in the last 4 months was:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Up	35	31	34	36	19	29	25
Same	19	21	18	18	62	—	39
Down	15	13	7	11	11	7	34
No answer	31	35	41	35	8	64	2

PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Rise over 20%	6	5	3	3	8	—	—
Rise 15-19%	5	5	3	5	—	—	—
Rise 10-14%	14	16	22	15	27	—	—
Rise 5-9%	20	16	17	20	11	53	40
About the same	46	48	46	51	54	45	60
Fall 5-9%	—	1	1	1	—	—	—
Fall over 10%	1	—	—	—	—	2	—
No comment	8	9	8	5	—	—	—

STOCKS

Raw materials and components over the next 12 months will:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Increase	22	21	25	28	8	21	40
Stay about the same	35	39	39	43	73	27	56
Decrease	31	25	24	20	11	52	4
No comment	12	15	12	9	8	—	—
Manufactured goods over the next 12 months will:							
Increase	18	24	26	26	8	2	20
Stay about the same	36	36	33	38	66	27	54
Decrease	22	15	14	13	8	50	10
No comment	24	25	27	23	18	21	16

FACTORS CURRENTLY AFFECTING PRODUCTION

	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Home orders	73	69	64	68	100	71	90
Export orders	43	43	41	52	77	7	79
Executive staff	11	9	12	7	—	24	20
Skilled factory staff	27	25	26	25	27	24	15
Manual labour	5	8	6	4	—	—	—
Components	11	15	14	11	4	—	—
Raw materials	17	9	11	13	19	45	2
Production capacity (plant)	12	11	7	8	—	26	—
Finance	2	2	2	2	8	—	2
Others	12	10	6	7	—	21	25
Labour disputes	35	31	30	33	15	48	—
No answer/no factor	2	7	8	7	—	—	—

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Increase	16	22	23	15	2	—	—
Stay about the same	37	38	36	47	73	26	29
Decrease	41	35	39	36	25	46	71
No comment	6	5	2	2	—	28	—

CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Increase in volume							
Increase in value	28	26	34	38	28	45	12
but not in volume	15	16	9	11	16	13	4
Stay about the same	12	17	15	17	8	28	—
Decrease	33	26	23	20	41	14	84
No comment	12	15	19	14	7	—	—

COSTS

Wages rise by:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
10-14%	17	18	15	18	8	4	5
15-19%	56	46	37	37	65	74	89
20-24%	16	14	11	10	27	22	6
25-29%	—	—	1	1	—	—	—
Same	—	—	1	1	—	—	—
No answer	11	22	35	33	—	—	—
Unit cost rise by:							
0-4%	5	1	2	1	—	21	—
5-9%	3	3	5	4	—	—	20
10-14%	31	35	33	41	39	—	34
15-19%	31	29	29	28	19	55	46
20-24%	9	7	8	6	27	—	—
Decrease	—	—	—	2	—	—	—
No answer	21	25	23	18	15	24	—

PROFITS MARGINS

Those expecting profit margins over the next 12 months to:	Dec.-Mar. %	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Cnstrctn. & Bldg. %	Food & Tobacco %	Textiles & Clothing %
	4 monthly moving average				March 1980		
Improve	36	32	31	24	16	91	40
Remain the same	34	40	40	41	47	4	32
Contract	26	25	25	29	30	5	28
No comment	4	3	4	6	7	—	—

INSURANCE

Why bed tax on car insurers is difficult

BY OUR INSURANCE CORRESPONDENT

ON MONDAY, when the Commons was still debating the Budget, Mr. Patrick Jenkin, the Social Services Secretary, said that the Government was looking for additional sources of income for the Department of Health and Social Security, and that these included the possibility of "recovering a greater proportion of the cost of traffic accidents" from motorists and their insurers.

Insurers, and the motoring public, must hope that the Government Departments concerned remember the long discussions in late 1976 and early 1977 when the Labour Government, and particularly Mr. David Ennals, the Minister, had a similar notion.

At that time insurers, brokers, motoring organisations all, took the view that since motorists were taxpayers, it was iniquitous to charge motoring taxpayers twice for the use of the State's health service. This as a matter of principle is still insurers' firmly held opinion.

However, firmly held opinions do not deter Governments, as insurers found out during the 1976-77 winter; but practical operational difficulties do.

And the Labour Government's proposals to make motor insurers tax-collectors for the DHSS foundered because the civil servants, with all the ingenuity at their disposal, could not devise any scheme that stood a ghost of a chance of working at all, let alone efficiently.

The mechanics of collection, the machinery of accounting, were the rocks on which the Ennals proposals foundered. There is no reason to think that in the three years that have elapsed anyone will have come up with an idea that was not explored under the immense pressure then applied by the Minister and his Departmental advisers.

Insurers fought three years ago on the issue of simplicity—simplicity within existing premium-collection and accounting systems. Even with such simplicity, substantial changes would have been required for computer and administrative systems; and without such simplicity insurance minds boggled.

Moreover no such changes could be made without substantial cost, and insurers made it clear that the DHSS should foot the bill, not they or their policyholders.

When the Ennals proposals were under discussion, the DHSS aimed to collect £40m, but that sum was £40m expressed in 1975 pounds. Inflation has moved on apace, and now the equivalent amount at issue must be in the region of £100m. However one looks at the problem, a sizeable sum of money is involved.

If Government wants to make the motoring public pay for hospital services which road accident victims use, there are quicker and simpler means of getting the money than by surcharging insurance premiums in some way.

Price of petrol can be raised again, or the vehicle excise rate increased. Both these possibilities were canvassed in 1976-77, and both rejected by the Government Departments concerned, presumably for reasons which, if valid then, remain valid now.

But were they valid—should not the Minister be directing his inquiries into the tax rather than the insurance possibility?

Insurers must be hoping that a good rest over the Easter weekend, followed by a careful review of the undoubtedly well-documented discussions of 1976-77, will bring Ministerial realisation of the immense practical difficulties in attempting to implement this possibility.

Otherwise, preparations must be made to fight over old battle grounds again. And that, at this stage, looks like being a thoroughgoing waste of time for all concerned.

New devices to fight oil slicks

THE Government is to buy four anti-pollution oil recovery devices, Mr. Norman Tebbit, Under-Secretary for Trade, said in a Commons written reply.

They comprised three springsweep systems and one Force 7 ocean system.

Initial trials had shown that both systems had potential for the effective recovery of oil from the sea surface.

PM confident on new city zones

THE Prime Minister has predicted a "flood of applications" for the new enterprise zones to revive city areas, announced in the Budget.

"The problem will be to limit them," Mrs. Thatcher told the Commons. "We will press ahead as fast as we can and I am sure the experiment will be successful."

COMPANY NOTICES

RENOWN INCORPORATED

NOTICE TO E.D.R. HOLDERS
PAYMENT OF COUPON NO. 5

This is to notify E.D.R. holders that at the Ordinary General Meeting of Shareholders held on Friday, March 28th, 1980 the appropriation of retained earnings was approved as proposed, thus setting the shareholder dividend for the 35th business term at Yen 10 per share, which means an annual dividend rate of 20 per cent.

Coupon interest will be paid to all E.D.R. holders upon presentation of coupon No. 5 of the E.D.R., on or after March 31st, 1980 as under:

(a) At the offices of the Depositary: Robert Fleming & Co. Limited, 8 Crosby Square, London EC3A 6AN;

(b) At the offices of the following Continental paying agents: Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg; Pierson, Heldring & Pierson N.V., Herengracht 213, Amsterdam.

In the case of (a) unless persons depositing Coupons request payment in U.S. dollars payment will be paid in United Kingdom currency at the prevailing rate of exchange on the day the proceeds are remitted to the Depositary.

Coupons must be left for five clear business days for examination, and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from Coupons paid in the United Kingdom at the offices of the Depositary, unless such Coupons are accompanied by declarations to the contrary, in accordance with Inland Revenue requirements.

Japanese withholding tax will be deducted at the applicable rate on all coupon interest upon completion by the E.D.R. holders of declarations of residency, such documents being available at the aforementioned offices of the agents.

ROBERT FLEMING & CO. LIMITED, Depositary.

London
April 8th, 1980.

L.E.T. HOLDINGS LIMITED

A DIVIDEND has been DECLARED of 2p per share payable to the holders of Ordinary Shares registered 28th March, 1980, and to holders of Coupon No. 110 attached to Ordinary Share Warrants to Bearer. The dividend will be paid on 8th April, 1980. Coupons must be lodged with Charter Consolidated Limited, Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ, where listing forms can be obtained.

TALONS will be exchanged on or after 30th June, 1980, for a fresh supply of coupons (commencing coupon numbered 111) for attachment to Ordinary Share Warrants to Bearer. Talon Listing Forms may be obtained from Charter Consolidated, address as above.

By Order.
D. J. PHILLIPS, Secretary.

St. Martins House,
16, St. Martin's-Le-Grand,
London EC1A 4EP.

CASSIAR ASBESTOS CORPORATION LIMITED

DIVIDEND NO. 77

NOTICE IS HEREBY GIVEN that a dividend of twenty-five cents (25c) has been declared payable in Canadian funds on 25th April 1980 to shareholders of record at the close of business on 11th April 1980.

By Order of the Board,
A. T. KANA, Vice-President & Secretary.
12th March 1980.

LONDON BRICK COMPANY LIMITED

NOTICE IS HEREBY GIVEN that:
1. The Transfer Books and Register of Ordinary Stock will be closed on 29th April, 1980.

By Order of the Board,
H. D. HOWE, Secretary.

Registrars:
The General Agency & Trust Limited,
Bourne House,
34 Beckenham Road,
Beckenham,
KENT, BR3 4TU.

J. W. CAMERON & CO. LIMITED

NOTICE IS HEREBY GIVEN that the Preference Share Registers of the company will be closed from the 17th April, to the 30th April, 1980, both dates inclusive.

By Order of the Board.
C. F. PORTER, Secretary.

EDUCATIONAL

TRAVEL

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967
EDWARD CLOTHIERS (HACKNEY) LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 8th day of May 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to Keith David Goodman, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and *prove their said debts* or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 27th day of March 1980.
K. D. GOODMAN, Liquidator.

PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL BILLS

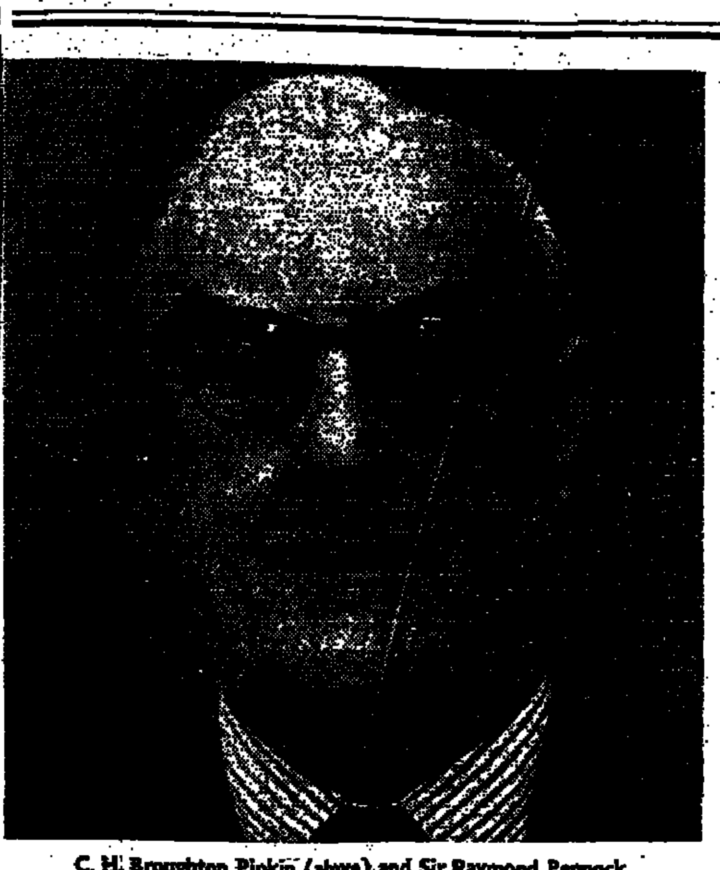
The Buckinghamshire County Council issued on 3rd April, 1980, £6m Bills due 3rd July, 1980. Tenders totalled £80.5m. The entire issue was made @ 16⁵⁄₁₆%. There are no other Bills outstanding.

DEVON COUNTY COUNCIL BILLS

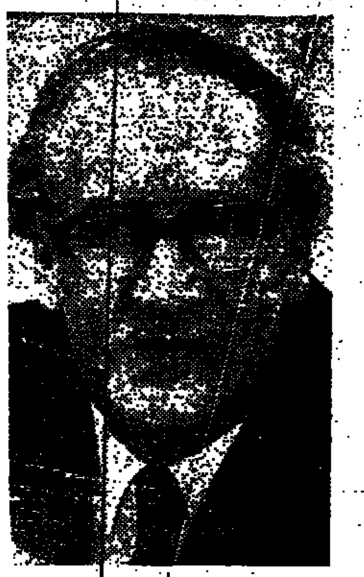
totalling £5m will be issued 9th April, 1980, maturing 4th July, 1980 at £95.92%. Total amount applied for was £48.5m. The total amount of Bills outstanding is £5m.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



C. H. Broughton Pipkin (above) and Sir Raymond Pennock



C. H. Broughton Pipkin, who retired as chairman last week after 44 years with BICC, has presided over a difficult period of transition in the company. Steeped in cables—his father was general manager of the Erith works in the old Callender's Cables company—he saw more clearly than his predecessors the need to retrench UK cablemaking capacity in line with reduced domestic demand. He also saw the need to strengthen the central management of the group, especially on the financial side: he appointed a young Michel Julien, who has intro- finance director from outside, duced tighter financial control and a more sophisticated approach to cash management and profit improvement. Broughton Pipkin has sought to instil in the operating companies a greater consciousness of the importance of cash as opposed to reported profit—a process of education which he hopes his successor will continue and intensify. He has also strengthened the engineering side of the business which he felt was in danger of slipping.

Because he was 63 when he became chairman his period of office has inevitably been something of an interregnum, but he has cleared away a number of obstacles in BICC's path. He saw through the liquidation of Tersons, the building subsidiary, the withdrawal of BICC from Anglesey Aluminium, the sale of the minority shareholding in General Cable of the U.S. and a potentially awkward Monopolies Commission investigation—which gave BICC a clean bill of health. "Broughton has taken a lot of flabbiness out of the balance sheet," a colleague remarks, "and he has cleared the decks for Ray Pennock."

He has brought younger men on to the Board, with the result that the average age of the directors is seven or eight years less than it was when he took over as chairman. Julien is 42 and the managing directors of Cables, Industrial Products and Balfour Beatty are in their early or mid-50s.

But the choice of successor to the top job was a problem and an outsider was always a possibility. The most obvious internal candidate was Denis Rooney, now 60, who had masterminded the growth of Balfour Beatty, but virtually all his experience had been on the contracting side of the business. In mid-1978 Broughton Pipkin appointed as executive vice-chairmen Rooney and "Oscar" De Ville, who had joined BICC from Ford in the mid-60s to take charge of industrial relations; his main experience was "staff" rather than "line." Rooney was made chairman of Balfour Beatty and International, while De Ville was given responsibility for Cables and Industrial Products.

In the end the chairman and the non-executive directors decided that an outsider, if they could find the right man, would have the advantage of bringing a fresh mind to the management of the group. After many names had been sifted Sir Ray Pennock came out as first choice and he was approached.

For Sir Ray, who would have had to retire from ICI at the age of 62—he is now 59—BICC offered a splendid opportunity of taking command of a large group which had not yet fulfilled its potential as a major UK-based international company. Having participated in the transformation of ICI from an "imperial" into a genuinely international company, and having seen the ups and downs of ICI's attempts at diversification, Sir Ray is well placed to provide the broader perspective and strategic direction which BICC needs.

BICC switches back to the core

Geoffrey Owen re-examines Britain's largest cablemaker and finds it reviewing its diversification policy

LAST WEEK Sir Ray Pennock moved his office from Millbank, overlooking the Thames, to Blomsbury Street. He was leaving the deputy chairmanship of ICI, a company h ehad served for 33 years, to become executive chairman of BICC, the electrical engineering and contracting group.

In the five years during which he can expect to remain at the helm, Sir Ray has to solve two long-standing problems. One is to give a clear strategic direction to a group which has been trying to come to terms with the fact that much of its traditional UK cable business, especially power cables, stopped growing in the mid-sixties. The other is to ensuret hat there are suitable internal candidates for the succession in five years' time. Sir Ray was the first outsider to be brought in at the top since BICC was formed by the merger between British Insulated Cables and Callender's Cable and Construction in 1945.

Shareholders may regard these longer-term questions as less pressing than the need for higher profits. Although 1979 pre-tax profits show a 16 per cent improvement in historic cost terms, the inflation adjusted performance still shows a meagre 4.4 per cent return on assets. It is certainly true that Sir Ray's most urgent task is to improve profitability. But there is a connection between short-term profit improvement and long-term strategy.

Two years ago, when BICC was last examined on this page (April 11, 1978), there was a view inside the company that the UK cables business, in which BICC is the market leader, should be capable of generating cash to support diversification into industries which offered better growth prospects. The diversification would be carried out through BICC Industrial Products, which was already a substantial if somewhat heterogeneous group of non-cable companies. Meanwhile the group's other two legs—Balfour Beatty, the contracting company, and BICC International (subsidiary companies in Australia, Canada, South Africa and elsewhere)—were capable of growing at a healthy rate without too much interference or financial support from the centre.

Since then there has been something of a reappraisal—to which Sir Ray Pennock, who joined the board in October, 1979, has contributed—about what BICC's strengths really are and what role should be played by the cables business.

The great danger about regarding a business solely as a cash generator is that this becomes its primary objective; necessary investments in research and engineering are minimised.

The BICC board now recognises that cables should more properly be regarded as the core or heartland of the group; unless its efficiency and competitiveness are continuously improved, the rest of the group will suffer.

The reappraisal has given a new impetus to moves that were already under way to improve profitability in cables. Capacity has bene brought into line with demand by closing six factories over the past five years.

Closures

While there is scope for further reductions in fixed costs, BICC Cables, under managing director Bill Shankland, is in much better shape than it was five years ago. In 1979 operating profits improved from £11.9m to £17.9m and this is seen as an important step towards achieving a satisfactory return—margins are still only 4.5 per cent on sales.

If improving the perofrmance of cables was solely a matter of factory closudes, it would be hard to avoid the impression within the company that BICC Cables is a depressed area, which bright and ambitious people should avoid. Of equal importance, therefore, has been a recent series of moves to strengthen the organisation and management and to tap existing talent within the group. Another example is the appointment of a new finance director from Ford, 35-year-old John Martyn, to assist Shankland. The injection of some outside talent helps to generate a sense of momentum and an awareness that, even though UK demand may be static, cables is a good business to be in.

WHERE BICC EARNS ITS PROFITS

1979	Sales (£m)	Pre-tax profit (£m)	Attributable profit (£m)
Balfour Beatty	328.1	14.7	10.1
BICC Cables	409.7	10.0	5.2
BICC Industrial Products	138.3	3.7	1.9
BICC International	362.0	37.2	10.2

BICC is after all the world's *largest exporter of cables*. Its products are used in Boeing airliners, North Sea platforms and Chinese power stations. It knows the business backwards, with commercial and manufacturing strengths which many companies would envy. While there will never be much money to be made at the "commodity" end of the market, a good deal of the business involves higher quality and higher technology where BICC should be able to stay ahead; it is not an industry vulnerable to large-scale import competition.

The fact that the UK is the source of engineering support for the overseas companies—where demand for cable is growing faster than in the UK—is another reason why investment in research and development is essential.

Moreover, there are technical changes in BICC's traditional businesses, notably the introduction of optical fibre in telecommunications; BICC is co-operating with Corning of the U.S., the leading world producer of optical fibre.

There are, in short, plenty of opportunities in cables; exploiting them requires management and engineering talent of the highest calibre.

Meanwhile, two of BICC's other three legs are doing well. Balfour Beatty (see this page) is confident that it can continue to increase its profits in real terms. BICC International, led by Harold Jefferies, depends for half its profits on the Australian subsidiary, Metal Manufactures, in which BICC has a 63 per cent stake.

This company, which has plastics and other manufacturing interests besides its dominant position in cables, is well placed to take advantage of the rapid growth of investment in Australia's natural resources. The fact that David Stewart, managing director of Metal Manufactures, has recently joined the BICC Board is an indication of the importance attached to the Australian investment.

Similar opportunities are available in BICC's 54 per cent owned Canadian subsidiary, Phillips Cables, which has recently acquired the power and construction products businesses of Northern Telecom and ITT in Canada.

One might ask why, if Cables, International and Balfour Beatty are all capable of substantially increasing profits, further diversification is necessary. Is there not a danger that Industrial Products, whether it continues to expand in small, cautious steps or goes for a large takeover, will distract management from its main tasks and even, if a major acquisition goes badly wrong, endanger the whole group?

Most of the directors still feel that it would be wrong to rely too heavily on cables as a source of profits growth, whether in the UK or internationally. The task is to work out a coherent strategy based on a clear understanding of what sort of company BICC is and wants to be.

"We are an electrical engineering company," says Broughton Pipkin, the retiring chairman. John Banks, director in charge of research and engineering, points out that BICC has traditionally been a supplier of components to the "energy-dependent" sector of electrical engineering.

Now the balance in electrical engineering is shifting towards the "communications-dependent" side and BICC must shift with it. That means, among other things, a greater involvement in electronics.

BICC has never been at the leading edge of technology; it has no thought of competing against IBM or Texas Instruments. But it has a deep knowledge of the electrical industry. It knows about continuous manufacturing processes and how to control them, about materials (plastics as well as metals) and about producing components which last a very long time. In his approach to acquisitions Ian Hinton, managing director of Industrial Products, has been looking for activities which are not too far from the things BICC knows about, but have a somewhat higher technological content and good growth prospects. An example is what is now called the Mining Equipment Group, supplying telemetry and other devices for the remote control of underground mining.

Drastic

BICC did recently consider a sizeable U.S. acquisition in electronics, but decided against it partly because, in this particular field, it did not have the necessary specialist management resources.

Although there is still a hankering in some quarters for a big take-over, the approach which is emerging is to put greater priority on making the best of what Industrial Products already has. As with Cables, this will involve some strengthening of the organisation and management around Ian Hinton and a determined effort to raise the profitability of the eight product groups for which he is responsible.

What has become totally clear is that BICC has no need to imitate its former American associate, General Cable, in making a drastic change of direction away from cables. The U.S. company—BICC's 20 per cent stake was sold in 1978—has got out of power cables, renamed itself GK Technologies, acquired a manufacturer of electronic components and is now looking for another high-technology company with sales of over $200m. So far the strategy is working, but the risks are high and for BICC diversification does not have anything like the same priority, at least for the next few years.

This is not to say that takeovers will not be made, especially if they complement an existing activity. The U.S. continues to be attractive if the right business becomes available. Ideally, it will be privately owned, with good management, making electrical or electronic components of medium technology; it will not be a "turnround situation."

With the arrival of Sir Ray Pennock some of the impatience for making a really large acquisition may tend to fade away. His influence, stemming from his ICI experience, will be in the direction of making the maximum use of BICC's existing assets rather than venturing into activities where the management has no expertise. The dominant position in cables is itself a valuable asset, particularly in view of the growth in energy-related investments around the world. So, too, is BICC's international network.

Although the manufacturing subsidiaries are mostly in the old Commonwealth countries, the combination of overseas investment, direct exports from the UK and Balfour Beatty's contracting activities gives BICC a worldwide presence which Sir Ray intends to build upon. The emhpasis will be on understanding the things which BICC is good at, and doing them better.

'Nimble feet' at Balfour Beatty

"Contracting is a business for entrepreneurs," says Denis Rooney, chairman of Balfour Beatty. "You have to be light on your feet, quick to see an opportunity, then put all your effort behind it. General management has to be very close to the workface." It is a view shared by Don Holland, who succeeded Rooney as managing director when Rooney became vice-chairman of BICC in 1978.

It is this nimbleness which has enabled Balfour Beatty to change the balance of its contracting business in the 11 years since it was acquired by BICC — from power generation and transmission to other forms of civil engineering and construction, from the UK to a stronger international presence.

In a sense this points the way for BICC as a whole, since Balfour Beatty has built on its existing strengths and for the most part has grown organically rather than by acquisition. But it is, of course, far easier for a contractor to change direction quickly than for a manufacturer, with its heavy commitment to fixed assets.

Denis Rooney: "Contracting is a business for entrepreneurs"

When Rooney became managing director of Balfour Beatty in 1973 he divided the group into four operating companies — Balfour Beatty Construction (civil engineering for power stations, tunnels, harbours, roads, bridges and other big projects), Balfour Beatty Power Construction (specialist construction such as overhead transmission lines and electric traction), Balfour Kilpatrick (electrical and mechanical services) and Balfour Beatty Engineering (engineer constructors, project management and consulting engineers).

Turnover of the group, amounting to £328m last year, is split roughly 50-50 between home an doverseas, compared with 75-25 in favour of the UK ten years ago. Rooney and Holland are reasonably happy with the present balance. Overseas Balfour Beatty has been moving into the top league of civil engineering contractors.

A big fillip to its credibility was the award of the £200m Jebel Ali Harbour project in Dubai, where Balfour Beatty has a joint venture with Dubai Transport Company and Stevin Construction of Holland. It was by far the biggest contract Balfour Beatty had undertaken and the work has gone according to schedule. It is now preparing to bid on the eyen bigger Bahrein causeway project, this time in association with Taiwanese and Japanese contractors.

On the engineering side Balfour Beatty has recently taken steps to extend its interests in the oil and process industries, through a partnership with Litwin of the U.S. The intention here is not to attack the U.S. market, but to use Litwin's expertise and reputation with the oil and chemical companies to develop a process contracting business in other parts of the world. Balfour Beatty also intends to go further in project management, taking on complete responsibility for power stations and other major installations.

Balfour Beatty's ability to generate cash has been valuable to BICC in the last few years, but a contractor also benefits from being part of a large group. The asset backing is important, especially in large projects where performance bonds have to be lodged. There is scope for complementing Balfour Beatty's down-to-earth engineering skills with imaginative financial packages. Whether the prize is a hotel project in the Gambia or a hydro-electric scheme in the Philippines, the availability of finance on suitable terms is as important as the ability to handle the contract efficiently.

Denis Rooney must take most of the credit for steering Balfour Beatty out of some disastrous contracts which came to light after BICC had acquired the business in 1969. His tough approach to management, with responsibility pushed down the line and tight budgetary control, is very much in evidence.

He thinks Balfour Beatty should contribute around 25 per cent of BICC's profits but probably not much more; contracting is risky and by the law of averages some orders are bound to go wrong. But if the UK manufacturing companies could emulate Balfour Beatty's profits growth, Sir Ray Pennock would have little to worry about.

Oratorial guide for the tongue-tied

BY JASON CRISP

ANYBODY who has had to sit through a dull and dreary speech—and who hasn't?—will be all too uncomfortably aware of the deficiencies of many speakers.

The other side of the coin is that many pople who have been asked to speak—however well they know their subject—will be filled with abject terror at the prospect.

To help them in their task of addressing the world more interestingly and entertainingly the Institute of Personnel Management has just published a slim but useful little tome by Winifred Marks called "How to give a speech."

A natural orator would find little assistance in this book, but how many of us are natural orators? Standing in front of an audience evokes in us feelings more appropriate to an early Christian saint facing a hostile mob on Chesil Bank, which is how Ms Marks graphically describes it.

She warns that nervousness makes speech-makers defensive. This depresses their spontaneity and emotion, making them concentrate on reason and logic. "Our language becomes impersonal and cold, our demeanour stiff and unapproachable."

There is, of course, no one magic secret of public speaking which will turn the quaking stammerer into a confident, mellifluous and fascinating new being. Ms Marks provides a careful, simple guide to all the right things to do and all the pitfalls to avoid. Most of it is common sense—the one thing which seems to desert so many people when they get up on their hind legs.

To begin with, she cautions against even agreeing to give a speech until you have all the basic information you need to know: such as who you will have to talk to: how knowledgeable the audience will be on the subject; whether the speech will be formal or informal; exactly what they want you to talk about; for how long; when and where the event will be; what the place is like; what sort of equipment there is available for visual aids; whether there is a meal involved (there's nothing like having to eat a second dinner); and how you will be able to get home.

Simple stuff, you may say, but would you have remembered to ask before accepting? Simpler but equally useful information is also provided on researching and structuring material for a talk.

A large part of the book is devoted to how the speaker should try and hold the interest of the audience. The author emphasises the need for humour, clarity, simplicity and good pronunciation to help win over the audience—and above all win friends.

The book's own simplicity makes it a particularly useful and reassuring one for the inexperienced speaker. Indeed, the more experienced may benefit from checking their own faults against it.

How to Give a Speech, by Winifred Marks is published by the Institute of Personnel Management, Central House, Upper Woburn Place, London WC1, 128pp, £1.95 (softback).

LOMBARD

High cost of Peter Walker

BY SAMUEL BRITTAN

MR. PETER WALKER is one of the most personally engaging of the Conservative interventionists. During the time that he was erecting a large part of the present structure of industrial props and subsidies, as Secretary of State for Industry under Mr. Heath, he was always prepared to listen to his critics perfectly amicably. Indeed he even wanted me to be his chief economic adviser, a proposal which was vetoed from on high.

But if someone is doing damage to the country, one should not allow personal considerations to moderate one's criticisms. Mr. Walker is a natural corporatist; he sees economic policy in terms of government help to producer groups, which he sometimes rationalises in terms of helping the balance of payments, as he has just done on his price increases for British farmers under the green currency mechanism — oblivious of the fact that we have a floating pound, and that if there is any policy concern at all it is over the pound's strength rather than its weakness.

Presumably Mr. Walker, given his well-known views, was put into Agriculture either because of the belief that it was not a major economic department or because farming was one of the many exceptions to the Thatcherite belief in market forces. Both are dangerous delusions.

Mr. Walker has arranged for 2.1 per cent MCA or monetary compensation account payment for British farmers and would have given a 3.6 per cent if the Community had allowed him. Stripped of jargon this means that for the first time since the repeal of the Corn Laws there will be a tax on imported food stuffs. It is now up to those Conservative MPs who have a genuine belief in a social market economy to support any censure motion which this attracts from the Opposition, if their beliefs are to carry any conviction whatever.

Because of the rise in sterling, exporters of all kinds have come under competitive pressure. This helps in the fight against inflation, but has a short-term adverse effect on output while costs and prices are being adjusted to market realities. The policy may be a good or a bad one; but the Cabinet has allowed Mr. Walker to exempt agriculture from the pressures applying to everyone else.

Food prices may not rise overnight; but they will be prevented from coming down — an unforgivable omission when anything that can change inflationary expectations is so vital. The cost of the CAP will rise, thus throwing doubt on the sincerity of the UK desire to achieve a long-term solution to the EEC Budget.

The true cost of the CAP to the UK is not just the budgetary contribution of well over £1bn, but over £2bn. The difference arises from the non-budgetary costs paid by British consumers by paying prices above world market prices. A study by C. N. Morris in the March issue of *Fiscal Studies* suggests that for every 1 per cent by which the "green pound" is devalued (or not revalued) agricultural producers gain about £40m, but consumers lose over £40m and the net impact on the UK is a loss of over £20m.

The system of green currency to exempt farmers from currency appreciation was pioneered by the German Government, which has a much larger farm sector and which depends on Herr Ertl, the Free Democrat Agricultural Minister, to secure its Parliamentary majority.

Moreover, the agricultural sector is anything but depressed. It was notable that during the low point in the fortunes of British free enterprise around 1974-75, people with agricultural interests found ways of contracting out of the general troubles. High farm prices are an extremely inefficient way of helping poor or marginal farmers.

There are far too many exceptions to the present policies of free markets and budgetary restraint; and nearly all the exceptions are reactionary and socially regressive. Toleration of this combination is likely to snap if Mr. Walker is allowed to carry on in his own sweet way and the economic Ministers keep on allowing themselves to be overruled outside the narrow monetary and fiscal areas.

After the Budget, an increased demand for ordinary wines

A guide to everyday drinking

WINE

BY EDMUND PENNING-ROWSELL

ALTHOUGH the Chancellor in his Budget speech forgot to mention that in June he had added, by way of VAT, 7p a £1 bottle to the taxes on wine, many consumers may agree that the further addition this time of about 8p a bottle is less than they feared. Yet the total effect of the Budget for reasonably frequent wine drinkers is to increase their demand for ordinary everyday wines, generally sold without a vintage and often bearing a brand name.

Every now and again I sample such wines, but the level of quality is generally disappointing. One does not expect cheap wines from the supermarket or grocery chain to be fine, yet at least they should be agreeable. The ordinary drinker does not usually make comparisons by having several different wines together on the same table. What then in general should one look for?

Immature

First, the colour. A red wine should be red, and neither verging on rosé nor brown at the edges; nor purple either, as that indicates a probably immature wine. The colour can best be judged by looking first at the heart of the wine in a half-filled glass of generous size. There should be some depth of colour, and the fringe should not appear watery. Colour is best seen against a white background: a plate will do. A rosé should not resemble a diluted red, but if not a clear pink then it may have an orange tinge or, as the French describe it, *pelure d'oignon* (onion-skin). The Loire rosés sometimes have this.

A dry white wine should be pale in colour, and if it looks yellowish this is suspicious, suggesting that the air has got at it, tending to make it resemble a light-coloured madeira *maderisé*. Sweet white wines may have rather more colour, but not overmuch when young. All wines should be clear to the eye, but a little sediment is no shortcoming, as some people believe, though this causes "quality controllers" to work nights and weekends to ensure "brightness."

Secondly, the aroma should be fruity and fresh, and this is where many of these ordinaires fail. They are oxidised and smell flat. The easiest way to describe this state is that they smell—and taste—like wine left overnight in the glass. To find a wine fruity is not to imply that it should smell of grapes, but rather that it is fresh and sweet, though not confectionery-like. The cause of flatness or perhaps lack of bouquet is that the air has got to the wine before or during bottling. From this it can never recover.

One stage worse is when the wine has a hint of vinegar on the nose, which will certainly be confirmed on the taste. Known as volatile acidity, it could mean that at the time of fermentation the grape's natural sugar was not all converted into alcohol, but vinegariness is more likely because the air has infected the wine so badly that it has turned sour before bottling. To drink such wine is unpleasant, but the bottle might just come in useful in the kitchen, particularly if a lump of sugar is added when in the pan.

A sound wine should taste round rather than edgy or coarse and fresh, not flat. There are, of course, some perfectly sound wines that one may not like. I personally dislike those from Tarragona, which often have a "sick" aroma and taste and Retsina, but many Philhellenes will not agree. I find many red wines emanating from the Mediterranean littoral rather "hot" in aroma and taste, and the whites, produced in very warm conditions, lacking in acidity and so heavy-tasting. But there are plenty of well-balanced red wines from the Midi and some reasonably crisp whites.

Some whites, not least many Italians and Spanish, have a heavy, lifeless flavour, as a result of being pasteurised. This "cooks" the wine slightly in order to maintain stability.

For a prickle on the tongue and a ring of small bubbles in the bottle indicate a secondary fermentation, which when subsided leaves an acid after-taste. It may be possible to get rid of or reduce this prickle by exposing the wine to the air for a short period before drinking or by decanting it.

This should be distinguished from the slight sparkle or *spritz* deliberately left or sometimes induced in German and other wines. Such a *spritzig* character can be attractive and adds freshness to a white wine.

Very often these ordinary wines do not receive the minimal amount of care in serving that they deserve. Even if bought "round the corner" they will probably benefit from a few days' rest afterwards. Nearly all wines improve from short-term contact with the air, and so should be opened half an hour or so before being poured out. Some of the more powerful wines from Italy can do with much longer than that. The reds from "hot countries" develop well after moderate airing. The aroma is released and the wine may round out.

Everyday white wines need chilling as much as more superior qualities; indeed the heavier ones may gain a little freshness from this, but all will be killed by over-freezing. It is worth experimenting with wines that should at least be consistent from bottle to bottle.

It is a mistake to buy everyday-drinking wines too far ahead, for they are unlikely to improve much and may deteriorate after a few months. On the other hand, most red wines benefit from a little bottle-age, though with wines bought off the supermarket shelf that is impossible to ascertain. For wines bottled in Britain the time will probably be minimal, but those bottled in the country of origin are likely to have rather more age. However all such wines are blends made up for quick drinking; and probably should not be kept for more than six months. This applies much less to the basic *appellation contrôlée* or VDQS wines, such as Côtes du Rhône or Corbières, which may well mellow in bottle.

Mistake

Among the chain wine sellers I have found Marks and Spencer and Sainsbury's among the more reliable suppliers of inexpensive everyday wines, but even theirs may vary. It is a mistake, however, to be influenced too much by price. For the cost of shipping duty and the bottle itself will vary little, and VAT only by a matter of a few pence. The variable item will be the cost and quality of the wine, and a little more paid at source may result in a disproportionate improvement in quality.

As with all matters affecting wine drinking, comparison provides the best means of securing the type or brand most suited to one's own taste, though to open at one sitting more than one supplier's litres of wine calls for a number of consumers. Otherwise one may suffer next morning from what one of my friends calls a "litre head."

Coal Bunker to lead the way

RACING

BY DOMINIC WIGAN

THE GLUT of Easter holiday racing continues today with meetings at Warwick, Chepstow, Uttoxeter and Wetherby. But in contrast to the rest of the holiday sport this afternoon's racing is of a disappointing calibre and sorting out the winners looks more than tricky.

At Warwick, the most interesting race is the Coventry Handicap in which Pledge bids to concede weight to 12 opponents.

A winner here last season, when making all the running to score over 1½ miles, Pledge went on to add to his tally over 10 furlongs at Bath in September.

Henry Candy's gelding, Rarity, who is as at home in the mud as on a fast surface, seems sure to go well following a run at the last meeting on this course. La Piccolina and Miss Honeypenny also look good.

La Piccolina, a small Tudor Rhythm filly out of the Behistoun mare, The Guzzler, put up her best performance of 1979 when tacking this trip for the first time on her final appearance.

Miss Honeypenny caught many an eye with her effort at Leicester a fortnight ago when running on as well as any in the Hollwell Handicap won by Grey Mountain.

A second runner far from discredited at Leicester and capable of making another bold show, is Coal Bunker, one of 12 runners declared for the Compton Verney Maiden Two-Year-Old Stakes.

This sharp sort failed to justify favouritism in the Maytime Auction Stakes, but in finishing third, was beaten only a length and a head by Lucky Tonight and Miss Murton.

The runner-up paid a useful compliment to that form when achieving a smooth success at Newcastle on Saturday and it seems probable that Coal Bunker will be the one they will all have to beat.

WARWICK

2.15—Quiet Cannon
2.45—Leiko*
3.15—Royal Diplomat
3.45—Coal Bunker***
4.15—Miss Honeypenny**
4.45—Newark

TV/Radio

BBC 1

+ Indicates programme in black and white

9.55 am Ludwig. 10.00 Jackanory. 10.15 Help! 10.35 Why Don't You? 11.00 Closdewon. 12.45 pm Midday News. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.50 Dechrau Siarad. 3.15 Easter Songs from Glastonbury. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Lassie. 4.40 The Perils of Penelope Pitstop. 5.00 John Craven's Newsround. 5.10 Think of a Number. 5.35 Paddington.

5.40 Evening News.
5.55 Nationwide (London and South East).
6.20 Nationwide.
6.50 Bugs Bunny.
7.00 Young Musician of the Year.
7.35 Life on Earth.
8.30 Time of My Life.
9.00 Nine O'clock News
9.25 Rebecca.
10.20 Bugs and Daffy and Chuck and Porky.
11.10 Platform One: Viscount Etienne Davignon.
11.40-11.45 News, Weather, Regional News.

All Regional programmes as BBC1 except as follows:

Cymru/Wales — 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.20-6.50 Heddiw. 11.40 News and Weather for Wales.

Scotland—12.40-12.45 pm Scottish News. 5.55-6.20 Reporting Scotland. 10.20-10.50 Current Account. 10.50-11.35 Bertrand Tavernier. 11.35 News and Weather for Scotland.

Northern Ireland — 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20-10.50 Spotlight on Northern Ireland Affairs. 10.50-11.35 Bugs and Daffy and Chuck and Porky. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

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BBC 2

11.00 am Play School: "Henry Hatter."
6.30 pm The Great Egg Race.
6.55 The Past at Work: The New Iron Age.
7.20 Mid-Evening News.
7.35 Ain't Many Angels.
8.30 Writers and Places: Bernard Malamud.
9.00 A Question of Guilt.
9.30 Yesterday's Witness in America.
10.20 Top Gear: Car and Motorcycle News.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Untamed Frontier. 9.55 Rocket Robin Hood. 10.15 Heritage. 11.05 The Mackenzie Affair. 11.55 The Bubblies. 12.00 Paperplay. 12.10 Pipkins. 12.30 The Sullivans. 1.00 News. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Scorpion Tales. 3.45 Look Who's Talking. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 George and Mildred.
9.00 Playhouse: "The Gate of Eden" (Part 1).
10.00 News.
10.30 The English Garden.
11.00 Fear No Evil.
12.45 am Close.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am The Count of Monte Cristo. 10.15 The Beachcombers. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones: 7.30 You're Only Young Twice. 11.00 Inside Business: Steel. 11.30 Twist in The Tale: Force of Evil. 12.30 am Anthology.

ATV

9.30 am Something Different. 9.45 Sesame Street. 10.45 Sandokan. 11.10 Animated Classics. 12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Armchair Thriller. 8.00 Nurse of the Year. 11.00 ATV Newsdesk. 11.05 S.W.A.T.

BORDER

9.30 am Sally and Jake. 9.45 Sesame Street. 10.45 You Can Make It. 11.10 Country Comes West. 11.35 Frontiers of Discovery. 1.20 pm Border News. 5.15 Father, Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Surival. 8.30 Leave it to Charlie. 11.00 Luke's Kingdom. 12.00 am Stars on Ice. 12.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. 5.12 Puffin's Birthday Greetings. 5.15 Bailey's Bird. 6.00 Report at Six. 10.28 Channel Late News. 11.00 Kaz. 12.00 am George Hamilton IV. 12.25 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 9.30 Thunderbirds. 10.25 Larry The Lamb in Toytown. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm North News. 6.00 North Tonight. 7.00 A Man Called Sloane. 11.00 Reflections. 11.05 The Tuesday Thriller. 12.30 am North Headlines.

GRANADA

9.30 am Sesame Street. 10.30 History Around You. 10.45 The Lone Ranger Show. 11.05 To The Wild Country. 11.50 The Bubbles. 1.20 pm Granada Reports. 5.15 Happy Days. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Kate Loves a Mystery. 8.30 Leave it to Charlie. 11.00 The Tuesday Film.

HTV

9.30 am Beachcombers. 9.55 Survival. 10.20 The Mad Dog Gang Meets Rotten Fred and Ratsgate. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm Report West Headlines. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best in the West. 11.00 Exoman. 12.40 am Weather.

HTV CYMRU/WALES—As HTV WEST/HTV GENERAL SERVICE except:—12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25 Report Wales Headlines. 4.15 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30 Worzel Gummidge. 10.30 Bywyd. 11.15 Fireside Theatre. 12.10 am Weather.

SCOTTISH

9.30 am Friends of Man. 9.35 Coral World. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm News. 1.30 Selwyn. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take the High Road. 7.30 Love Thy Neighbour. 11.00 The Practice. 11.30 Late Call. 11.35 Celebrity Concert.

SOUTHERN

9.30 am Untamed World. 9.55 Rush. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 11.00 Southern News Extra. 11.05 Fireside Theatre. 12.05 am Weather.

TYNE TEES

9.20 am The Good Word. 9.30 Mystery Island. 9.45 Celebrity Concert. 10.35 Last of the Wild. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm North East News and Lookaround. 5.15 A Sharp Intake of Breath. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 11.00 North East News. 11.05 Tuesday Movie. 12.30 am Epilogue.

ULSTER

10.15 am Stars on Ice. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm Cartoon Time. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.05 West Side Medical. 7.00 Emmerdale Farm. 7.30 Survival. 11.00 Soap. 11.30 The Electric Theatre Show. 11.55 News.

WESTWARD

9.25 am Dynomutt the Dog Wonder. 9.30 Chopper Squad. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm Westward News. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.28 Westward Late News. 11.00 Kaz. 12.00 George Hamilton IV. 12.25 am Faith for Life.

RADIO 1

(S) Stereophonic broadcast
† Medium wave

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.31 Peter Powell including 12.30 pm Newsbeat. 2.00 Andy Peebles. 4.31 Kid Jensen including 5.30 Newsbeat. 6.31 Musicology. Contest. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 10.00 pm With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S) including 1.45 Sports Desk. 2.03 Ed Stewart's Request Show (S) including 2.45, 3.45 Sports Desk. 4.03 Much More Music (S) including 4.45 Sports Desk. 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S) including 5.45 Sports Desk. 6.03 John Dunn (S) including 6.45 Sports Desk; racing results. 8.02 Hubert Gregg says I Call It Genius. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 The Frankie Howerd Variety Show. 11.02 Brian Matthew with Round Midnight, including 12.02 Midnight Newsroom. 2.02-5.00 am You and the Night and the Music (S) with Moira Stuart.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S) Concert: Grieg, Tchaikovsky, Liszt, Bartok. 8.00 News. 8.05 Morning Concert (S) Beethoven, Haydn, Mozart, Schubert. 9.00 News. 9.05 This Week's Composer: Bach (S). 9.55 Piano Recital (S) Bartok, Adachi, Liszt. 10.45 The Trio-Sonata (S). 11.45 Swedish Songs (S) Sjögren, Rangstrum, Eriksson. 12.10 pm BBC Welsh Symphony Orchestra (S) Concert (part 1): Holst, Benjamin. 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra (S) (part 2): Nielsen. 2.05 Dennis Brain in Chamber Music (S) by Beethoven, Mozart. 2.45 Parikian, Fleming, Roberts Trio (S) Concert (part 1): Haydn, Brahms. 3.25 Interval Reading. 3.35 Concert (part 2): Beethoven. 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S) with Bernard Keeffe. 7.00 Collectors' Corner: The Art of the Conductor. 8.00 London Philharmonic Orchestra (S) Concert (part 1): Dvorak, Rachmaninov. 9.15 A Malta Suite by Nigel Dennis. 9.35 London Philharmonic Orchestra (S) (part 2): Simpson. 10.15 Doctor Fischer of Geneva. 10.45 The Piano Music of Busoni (S). 11.55 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Double Bill. 8.59 Continental Travel Information. 9.00 News. 9.05 Tuesday Call: 01-580 4411: Cooking for One or Two. 10.00 News. 10.05 Medicine Now. 10.30 Daily Service. 10.45 Story Time: "The Children of Dynmouth," by William Trevor. 11.00 News. 11.05 Thirty-Minute Theatre. "The Sea Shell." 11.35 Wildlife. 12.00 pm News. 12.02 You and Yours. 12.20 Down Your Way. 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Women in Love (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story: "The Luck of the Draw." 5.00 PM. 5.50 Shipping forecast. 5.55 Weather. 6.00 The Six O'Clock News. 6.30 The Oxford Revue (S). 7.00 News. 7.05 The Archers. 7.20 Reel Evidence. 8.05 In Touch. 8.30 Choirs of Wales (S). 9.15 Down the Garden Path. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime: "That Uncertain Feeling." 11.15 The Financial World Tonight. 11.30 On the Lighter Side of Life (S). Music on Records. 12.00 am News. 12.15 Shipping forecast.

VHF—11.00 pm Study on 4: Teaching English as a Second Language.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme, including 11.30 Your legal problems. 12.00 pm Dave Cash. 3.03 John Toogood's Showcase. 4.30 London News Desk. 6.35 Look, Stop, Listen. 7.03 Black Londoners: News, views, people. 8.00-5.00 am Join Radio 2.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 pm Dave Cash (S): Cash on Delivery. 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,244

ACROSS

1 It's impossible to have a party without tins (2, 3, 2)
5 Tighten bungle (5, 2)
9 Health resort in country (5)
10 Looks at express complaint that may need 23 acrosses (3, 6)
11 Dancer's leap to beg outside church (9)
12 Boadicea's people brought hard water to Northern Ireland (5)
13 Afraid of returning to lessen its intensity (5)
15 Crazy shout of encouragement to north (2, 3, 4)
18 Bailiff: country spy (4, 5)
19 One in four by the way, for example, is very dear (5)
21 It's never still though staying in bed (5)
23 Show places etc. rebuilt (9)
25 Noble with inclination to be excellent (4, 5)
26 Things on foot for hotel servant (5)
27 Behind in blushing so it is told (7)
28 Times leader has motive for crime (7)

DOWN

1 No Scots perfume is being born (7)
2 Cunning sergeant-major joins an artisan (9)
3 Not an established church member for the present (5)
4 Frank goes to part of school offering liberal hospitality (4, 5)
5 Were stinking fish (5)
6 Tradesmen spinning a yarn (9)
7 Point to healthy mammal (5)
8 Writers one has found thoughtful (7)
14 Departed with appropriate spot on (4, 5)
16 Motorist may keep this baby he abandoned (2, 3, 4)
17 First clue given to person on the other side (3, 6)
18 Dog staggering about (7)
20 Papers willing to persevere (5, 2)
22 Watch at 6 soldier left (5)
23 Way to help become sober (5)
24 Figures presented to the board (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

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THE ARTS

Sites of the season by DAVID PIPER

One of the more reliable amenities, now that April is here, is that the country house season has opened. English weather in spring is however notoriously fickle even more than at other seasons, and so country excursions are perilously vulnerable. A visitation to a country house, on the other hand, can be conducted salubriously unexposed to weather, apart perhaps from a short dash from car park to house door, although if you wish for country air most houses offer gardens or parks for strolling. And at a great many you can get proper teas (scones, cakes) of a calibre that has now almost disappeared from the London catering scene and indeed from most domestic ones.

If *en famille*, you can seek out the estates that have swung vigorously into a full showbiz operation—at Woburn or Longleat, your children need not even be exposed to a whiff of culture, so extensive are the zoological or fairground counter-attractions. For more artistic tastes, other houses offer more closely defined specialised pleasures. Among these, in the Home Counties (thickly studded with great houses though that region is) Waddesdon Manor takes a very prominent place indeed.

Specialised, Waddesdon undoubtedly is: the *final*—not so much fling as peony effulgence of the strongly French-accented so-called "nouveau-riche" style of the 1860s and 1870s. Not that the Rothschilds, by then undoubtedly *riches*, were exactly *nouveaux*. In the mid-1870s, Baron Ferdinand de Rothschild rased the bare top of a hill near Aylesbury, and force-flowered on it a French château complete with mature trees, menagerie, and exotic aviary (now a flash of naturalised macaws can sometimes be seen in the grounds). The architect was French, the landscape gardener was French, and so the accent of the interior of the house was, and remains, predominantly French. The effect of the whole was no less indisputably Rothschild, and is undilutedly so a century later.

The house has in fact been governed throughout its whole existence by virtually two generations: that of its creator Baron Ferdinand and his sister and successor Miss Alice, who died in 1922, and that of Mr. James de Rothschild (d.1957) and his wife. It was Mr. de Rothschild who left it all to the National Trust. Under the autocratic but unerring eye of Mrs. de Rothschild the National Trust has cherished it since into its present exquisite balance between domestic country house and what is in effect an important museum. Among a fascinating assemblage of memorabilia, including photographs, in one corner is the slender superbly elegant wedding dress that Mrs. de Rothschild wore in 1913. Last month, alert and undimmed, Mrs. de Rothschild presided over the inauguration of the last room in the house that can be opened to the public. They started in 1959 with 11, the total is now 28.

In this "New Room" (and so-named) are shown examples of still further extensions of the Rothschild taste—Baron Ferdinand's passion for hunting, as for French 18th-century buildings and board games; Miss Alice's *dried* autumn leaves, Mr. James's coins (a powerful heavy-jowled sequence of Roman emperors), and likewise his amber bottles collected in China. Entirely congruent in the whole is the latest arrival—an English needlework rug, finished on February 29, 1980 (I doubt if the date was artificially contrived but rather happened inevitably so).

It is the congruence of taste, sustained by the unbroken family continuity, that is the especial astonishment of Waddesdon, finding expression in formidable almost relentless rich density. Even the flowers in the rooms seem, while immaculately fresh, to be constituent parts of the collection. I have called the collection specialist, but the sumptuous harmony of taste embraces a whole range of distinct specialties. The nearest counterpart in London to the state rooms on the ground floor must be the Wallace Collection (of which Mr. James was in fact a trustee): comparable wealth here of Louis XIV and Louis XV elegances in furniture, but disposed on superb savonnerie carpets and set among Beauvais tapestries, and a great deal of first-rate carved boiserie panels (some salvaged from demolitions as Haussman tore his boulevarding way through Paris in the 1860s).

Waddesdon Manor—a Buckinghamshire château

In paintings, besides the French school; there are outstanding Guardis, and grand English 18th century portraiture of a calibre that must have caused Duveen to turn pale at the knowledge of their unavailability, not least the Gainsborough *Pink Boy*. But throughout there are accents on clusters of special brilliance—in the Tower Drawing Room for example, apart from the Greuzes, the Lancrets, on the walls, horizontal surfaces and vitrines are brilliant with Clodion terracottas and Sèvres soft-paste, cases alive with baroccoco jewel figures of vast pearls fantasticated in gold or silver-gilt, ebony or ivory; with gold boxes, miniatures and rings.

Upstairs are some more overtly museum-like displays, but the large vitrines in the Long Room with costumes and textiles, the cases with glass, with lace, the clusters of the famous collection of buttons—all are designed to merge into the mood of the whole house, and there is no sense anywhere, as tends to happen even in the most carefully tended of open houses, of *rigor mortis*, of a dead arrest of time. Yet Waddesdon *is* a museum. Its catalogue of its collections must be the envy not only of many great provincial collections (two large volumes, for example, on furniture, clocks and gilt bronzes alone) but of several national ones. Glass and enamels, porcelain, sculpture, all are accounted for in their own volumes. Weapons and armour too (rather unexpectedly, they were an especial province of Miss Alice; visible in the Bachelors Wing open only on Friday, connoisseurs' day).

But overall, the flavour is far from institutional, nor should it be—though it could so easily be — indigestible. Decorum yes (children under 12 are firmly excluded from the house) but somehow it remains humane, even endearingly so. Somewhere in the grounds a notice says "No motors here." I didn't sight a telephone at Waddesdon; I know there are some, but I suspect when you use one you speak "down" it.

Waddesdon is open till late October, Wednesdays to Sundays, 2-6 pm.

Royal Court

Hamlet by B. A. YOUNG

There's not much music in this *Hamlet*, but there's a freshness that brings to many of the lines a feeling that we are hearing them for the first time.

The production is not treated as a star vehicle for Jonathan Pryce, nor does he in any way try to make it one. He is inclined to flatten out some of the more poetic verse by putting a full close at the end of every phrase, and he is a bit niggardly in his allowance of humour, one of Hamlet's better qualities. But he never works against the text.

Or rather, what is left of the text, which has been ruthlessly and rather insensitively cropped, depriving us of all the vital first scene, one of the gravediggers, and several vital lines, such as "And shall I couple hell?" and (in the closet scene) "Is it the king?" Moreover — unforgivable impertinence—the First Player's speech about Priam has been replaced by some dreadful lines by Christopher Logue, who speaks them admirably.

The loss of the Ghost is another liberty hard to justify. Hamlet is given some of his lines, though not enough to tell what is omitted. He breaks off his own dialogue with a choking sound that suggests imminent sickness and speaks the Ghost's words as if possessed. Thus both the battlement scenes are virtually lost. One result of this is that Horatio is almost written out, and as Jariath Conroy plays him perhaps this is as well.

The King, in Michael Elphick's hands, always sounds like a good con-man, that is to say he speaks with apparent belief in what he says but never persuades one that he is any more honest with his fellows than he is with God, whom he approaches with a minimum of respect. Gertrude, on the other hand, is a decent, sentimental woman, and Jill Bennett spreads her sympathy so universally that she might almost have married Claudius just to take his mind off his murder.

I very much liked Geoffrey Chater's Polonius, who is never over-silly, but I only liked one of his children, the boyish Laertes of Simon Chandler, whose excesses are due only to his being suddenly carried away by juvenile temper. Harriet Walter's Ophelia is a big, butch girl who in her mad scenes seemed to me musical without being insane. So her burial on a spare shelf in the royal mausoleum with its cupboards full of skulls was no more than she deserved.

On the whole William Dudley's sets are very good, making use of lines of arches movable into different positions to change the venue. Glimpses through *trompe l'oeil* shutters show sinister details, a skull here, an hour-glass there, a cloaked figure halfway through a door. It was wrong, though, to give Hamlet that great arras in his mother's closet, under which he crawls to stab Polonius point-blank, and then to use it as the background for Fortinbras's arrival en route for Poland.

Despite all the cuts, the production runs for something like three hours and 40 minutes.

National Theatre

Pick of the Platforms

by MICHAEL COVENEY

Ken Dodd would probably describe the National Theatre as a magnificent shed. The concrete austerity is chipped away at from the inside by the seemingly endless activities and "projects" supervised by Michael Kustow. Platform Performances are given in the early evening on certain days and, what with queues at the box office, knapsacks round the information counters, and music buffs sprawled on the Lyttelton foyer area soaking up traditional jazz or string quartets, the place always reminds me of Heathrow departure lounge with all the flights grounded. Busy but enervating, with muffled noise bouncing back at you off big windows.

Three of the Platform Performances currently available were collected in a special matinée programme in the Olivier last Wednesday. And a very interesting and rewarding afternoon it turned out to be. First, we had Iris Murdoch's neo-Platonic dialogue, *Art and Eros*, with Andrew Cruickshank presiding magisterially as Socrates over a dinner-jacketed conference after a theatre performance. Laugh lines like "Did Plato enjoy the play?" soon gave way to a riveting discussion on the nature of Art, defined by Greg Hicks's dissident Plato as "the final cunning of the human soul." Socrates, naturally, had the final and irrefutable say on the subject, but the ground was thoroughly and lucidly covered beforehand, including strongly put views of Art as eroticism, social weapon, imitator of Life, and bourgeois diversion.

The middle piece comprised four Woody Allen sketches, some of them derived from his *New Yorker* stories. Harry Towb led the cast, giving good impressions of a Bogartian private dick signed up to track down God, an intense extrapolator of the virtues of an obscure Swedish playwright with hilariously satirical excerpts from the plays, and a dress manufacturer buying time from the figure of Death by beating him at gin rummy.

Finally, Vaclav Havel's *Protest* examined the role of the artist in a repressive society by contrasting the restrained passion of a recently jailed dissident (John Normington) with the tortuously Jesuitical arguments of a successful television writer (Robin Bailey) as to why he should not sign a strongly-worded protest at the incarceration of a pop singer. The playing was subtle and utterly gripping, providing another impressive chapter in the work of this playwright from behind closed doors. Mr. Havel is serving a four-and-a-half-year sentence and it is indeed admirable that the National Theatre should support him both as artist and individual.

Elizabeth Hall

E.C.O.

by ANDREW CLEMENTS

For anyone who had hitherto regarded much of Hans Werner Henze's output with suspicion, his music of recent years has ben a welcome surprise. Since 1977 Henze has written mainly instrumental music — three string quartets, a solo violin sonata, an evening-long ballet on the Orpheus legend — and the economy of means of the chamber works at least curbed his destructive seam of self-indulgence. Of his abundant creative talent there has never been any doubt, and to see it resurface in abstract musical arguments was timely and encouraging.

The *Aria de la Folia espanola* dates also from this period, written in 1977 for an American chamber orchestra and only now reaching London, though the Bournemouth Symphony Orchestra gave the first British performance last year in Bristol. It formed the first work in last night's programme by the English Chamber Orchestra conducted by Gerd Albrecht. The starting point for what turns out to be not an "aria" at all, but a 25-minute symphonic study, is the Portuguese *La Folia* dance used by Corelli and a number of his contemporaries, and (via Corelli) by Rakhmaninov. The theme appears, played quietly, on the violas after a spiky, Stravinskyan introduction: after that, the shape is only occasionally discernible, buried in thick, apparently unrelated, textures or lying on the top of splashy piano chords.

The chamber orchestration (there is also a version of the work for full symphony orchestra) is spectacular, but some of the gestures seem too large fo rthe resources: the use of percussion sometimes overbalances the few strings; brass and woodwind can easily swamp the texture. A short way into the work the significance of the *Folia* theme is to a large extent lost; later on Henze introduces a fandango rhythm as if to remind us of the dance element. It's an attempt to reimpose direction on what becomes a rambling structure of short-breathed paragraphs, intermittently engaging, but finally overblown. There are too few landmarks to aid the listener, too much intent on building substance out of effect. On a first hearing it suggested a rgrettable return to the old undisciplined composer.

Mr. Albrecht followed the Henze with Mozart's last C major piano concerto, K. 503, in which the soloist was Michael Dalberto. Mr. Dalberto won the Leeds Competition final playing this concerto and its austerity suits his impersonal, scrupulously polished style. But he produced last night a consistently raw, unyielding piano sound—whether the fault of the instrument or the performer it was hard to tell — and made few concessions to the orchestra's accompaniment. Elegantly turned woodwind solos were frequently buried under prosaic keyboard figuration.

Festival and Elizabeth Halls

Operetta concerts

On South Bank, where they avoid like the plague repetition of classical masterpieces during the same period of time, they allow coincidences of another kind. On Saturday evening in the big hall, Radio 2 and the GLC presented Stars of the Vienna Volksoper celebrating Offenbach's death and the birth of Robert Stolz (*White Horse Inn*, *Wild Violets*) while a stone's throw away there was a Gala Night of Gilbert and Sullivan starring Peter Pratt, veteran of the D'Oyly Carte and other fields. That the Festival Hall was well filled for Offenbach and Stolz while the Elizabeth was full for the native product presumably indicates an unsatisfied public appetite for operetta home-grown or foreign.

As the intervals coincided, one could slip from the long first half of Gilbert and Sullivan to a second part, except for one waltz by Stolz, all Offenbach. No new or stimulating comparisons were sparked off between these two masters of light music. Neither Sullivan nor Offenbach is at his best under concert conditions, even with dainty costumes and roguish dance routines for the former and a battery of mikes and spotlights for the latter. Between styles of performance however there were marked differences, not in our favour.

Peter Pratt still delivers Gilbert's point numbers with crusty authority. What is more, he and the conductor (Peter Murray) remained securely in touch. For this one could almost forgive a less than generous reference, in Mr. Pratt's informal introduction, to the non-British entertainment next door. Gillian Knight, Terry Jenkins and Harry Coghill, familiar from operatic stages, sang capably without noticeably raising the mild temperature. The chorus of Young Savoyards looked pretty but only moderately well-drilled, the the London Savoyards Orchestra were apparently and inexcusably unfamiliar with some of the notes. The audience, beaming with good humour, lent support to the theory that G. and S. fans never go to anything else. The saddest thing of all is the suspicion that they don't remotely realise how good a composer Sullivan is.

The stars of the Vienna Volksoper (hardly luminaries by international standards — Karl Dönch, though announced, did not appear) are not superior to their English colleagues in vocal quality. They are, though, seasoned performers accustomed to playing to a mixed and largely popular audience, well able to put their material across at high voltage. The Viennese rightly honour the adopted Parisian who by persuading Johann Strauss to try his hand at operetta became a founding father of the Viennese school. Their Offenbach was vital and enjoyable in its own way—the width of Europe separated Helga Papouschek's Letter Song from *La Périchole* from the warm, intelligent inflections of a régine Crespin, but the Viennese way is also worth hearing. Equally so in Peter Minich's "Es wohnt in mir dein Bild," a vocal version of the "Abendblätter" waltz.

RONALD CRICHTON

Elizabeth Hall

London Sinfonietta

by DAVID MURRAY

Perhaps Good Friday was not a good day for an intentionally "popular" programme by the Sinfonietta. It is hard to think of any other reason for the thin house they drew: the musical fare offered was obviously not taxing, but some of it was fresh, and Walton's familiar *Façade* was enlivened by Fenella Fielding and Richard Baker, and all of it was as scrupulously prepared as one expected. In its holiday vein, in fact, it was a model Sinfonietta programme.

If Miss Fielding and Mr. Baker did not draw crowds, they justified themselves remarkably well as the reciters of *Façade*. I suspect that getting the chance to deliver *Façade* is a secret fantasy widely harboured, and many a household name has been given it and come to grief. The Sinfonietta's chosen pair displayed unshakeable rhythmic sense as well as the essential breath control (it was a cheat, though, to divide the non-stop fantasy about Alfred Lord Tennyson between them). Mr. Baker excelled in numbers where the joke is enhanced by sedulous BBC intonations, and of course Miss Fielding where knowingness and/or a fruity relish for arcane words is to the point. (Dame Edith used to make theaotrically more, nonetheless, of the climax of "Through Gilded Trellises"—a piece played magically this time—and of Black Mrs. Behemoth's invocation.) Elgar Howarth conducted a precise and imaginative performance.

Earlier, five Sinfonietta players had given so sympathetically polished an account of Richard Rodney Bennett's *Commedia I*—a musicianly piece, but tame and frail for its length and indeed its title—that one's attention was held continuously. The novelty of the concert was a new instrumentation of Satie's *Mercure* (billed unfamiliarly as "Aventures des Mercures") by Harrison Birtwhistle, whose intention was to realise in the orchestral sound "the individuality and the quirkiness which distinguish the music." The 1924 score was for a ballet with Picasso and Massine, and certainly its homespun textures are self-effacingly plain. Without cheap grotesqueries, Birtwhistle's version points up transparently a particular view of the music, one which answers to our current hindsights about Satie: the dryly pungent colours it adds sounded perfectly natural. It deserves to have a long concert life (even without Miss Fielding's charming delivery of the ballet scenario), but not to pre-empt Satie's original: for one thing, the bald string writing of the original recalls the inspired *Mort de Socrate* of three years earlier—and nobody would try to improve *that!*—so strongly that instinct declares that Satie must have known what he was doing. Birtwhistle has sacrificed it for illuminating purposes, but we don't want to lose it for good.

Sadler's Wells

Mary Queen of Scots

For Thea Musgrave's *Mary Queen of Scots*, introduced to London last week by Scottish Opera, I can summon up only a rather negative vein of praise. It is the kind of 20th-century opera one could try out with confidence on almost anyone, secure in the knowledge that few pains will be caused, few difficulties of manner and matter. Though the musical idiom is "modern," the composer has taken care to sweeten it at key points. The plot is, of course, familiar; and its dramaturgy, even if unwieldy in the outer acts and somewhat uncertainly balanced in matters of timing and control of incident, shows a more than basic command of operatic skills.

The opera is not boring; and to Scottish Opera, whose 1977 commission it was, it obviously remains a pleasure to perform (which is in itself a compliment to the work performed). Colin Graham's production goes with a swing; the chorus evinces real enthusiasm; with one exception, a Riccio with a most un-minstrel-like roughness of tone, the leading players, notably Catherine Wilson in the title role, Gregory Dempsey (Bothwell), and David Hillman (Darnley), give cogent, musically skilful accounts of their roles—indeed, Mr. Hillman is in every respect outstandingly good. The composer's recent very serious illness caused Meredith Davies to take her place as conductor of this revival at a very late stage; from Tuesday's performance, well delivered by the Scottish Opera Orchestra, you would hardly have guessed as much.

And when all that is said, what a hollow evening! Musgrave has taken so few real chances, has opted so openly for a crowd-pleaser, a big, popular success, that this becomes in the end the opera's only real *raison d'être*. Mostly, the music employs and amalgamates a range of stock operatic devices, tricks, routines; and though it does so with a good deal of cunning and craft—the lullaby is just one set-piece that falls into place without either jar or the faintest surprise—it seems unable, except in one scene, to articulate a dramatic world of any real freshness or native vigour. (The exception is the Court Ball, its dances and the interruption thereof vividly worked into the situation—one begins to sit up and pay attention.) The diction of the libretto is ridden with cliché; the fact that this matters, as in so many famous and popular operas it does not, is a key to musical achievement. *Mary Queen of Scots* "works"—but its way of doing so is depressingly unambitious.

MAX LOPPERT

TENNIS BY JOHN BARRETT

Lesson for McEnroe and Connors

THE TALL, balding Swede, Lennart Bergelin, the guru who is always behind the scenes when Bjor Borg is on court, allowed himself a rare smile.

"So far, so good," was all he would allow himself after the 23-year-old world No. 1 had carved his way through the highest class field Monte Carlo has seen since the war, to win his third tournament of the year.

To Bergelin, as much as to his protegé, this is a testing year for the amount of competition has been drastically cut so that Borg will play only seven tournaments.

Two of those must be "drop-back" events—tournaments of lower prize money than the $175,000 to be won at Monte Carlo and in the other main Grand Prix events. Accordingly, Borg played at Nice the previous week to open his competitive season later than usual, following his initial success early in January in the Masters Tournament in New York.

He came through that pipe-opener without apparently suffering from lack of match play. In fact, his opponent in the final, Manuel Orantes of Spain, himself no slouch on clay, confided in Monte Carlo last week that he felt absolutely powerless and could not see anyone defeating Borg on his favourite surface in the foreseeable future.

Borg was playing on his home courts, the beautifully situated Monte Carlo Country Club, and there was an air of confidence about all that Borg did. To defeat in successive rounds, Peter McNamara (Australia); the Czech former world junior champion, Ivan Lendl, one of the most improved players of 1979; Jose Luis Clerc, a member of the Argentine Davis Cup team which beat the U.S. recently; then his old rival, Vitas Gerulaitis; and, in the final: Guillermo Vilas, the left-handed Argentine No. 1—all without the loss of a set and with only one week's match preparation, demonstrated more clearly than words that Orantes is right.

The other interesting aspect of last week's tennis was the eclipse of the world's No. 1 and No. 3 players, both Americans, John McEnroe and Jimmy Connors, on a surface which has never really suited either. McEnroe is refreshingly honest about his difficulties.

"I guess I shall have to work on my patience. These courts are really very slow and you cannot get away with anything less than a perfect approach shot. I get too impatient and try to end the rally too soon."

I do not believe that either Connors or McEnroe will ever get the results in Europe that their talents deserve until they spend sufficient time to learn the subtle rhythms of European play court clay.

As they both have admitted, it is a mental problem—a question of being prepared to swop drives, all night if necessary, while waiting for the right ball on which to launch an attack.

It is a lesson which the Australians used to find it hard to learn in the old days.

I remember sitting at Stade Roland Garros on the eve of the French championships in the 1950s watching Rod Laver on his first visit. He was playing a young French giant, Jean-Noel Grinda in the annual International Club match and was struggling, quite unable to impose his aggressive game against subtle and resolute defence.

The Australian manager, Cliff Sproule, turned to me as he left the stadium following Laver's defeat and said: "I think I'll have to introduce Rodney to the lob."

Ballot sets pay at Glass Bulbs

EMPLOYEES of Glass Bulbs, Chesterfield, have voted by ballot to accept an 11.5 per cent pay rise and have been praised by the company for their common sense.

The company warned its 1,200 workers that they could price themselves out of jobs if they demanded an unrealistic pay rise.

TREVOR BAILEY ON SPORT AND THE GOVERNMENT

Politicians at odds with athletes

IT MIGHT be said that the most worthwhile feature of the interminable arguments and publicity about participating in the Moscow Olympics has been to remind people of the Afghanistan invasion. Without the massive media coverage of the proposed boycott, the war itself might have faded even further into the background.

The request by Mrs. Thatcher and Parliament that British athletes should not participate has been rejected by the British Olympic Association, most of the administrative bodies representing the sports involved, and most prospective competitors. This was entirely predictable and provided a perfect example of the lack of understanding between sport and politics.

Although there were excellent reasons for boycotting the Olympics, the campaign to ban them has been ineptly handled and badly timed, and above all has suffered from inadequate reconnaissance. Unless the conflict in Afghanistan gets worse, the odds must be on the Moscow Olympics taking place and the threatened boycott, far from demonstrating Western unity, will have the reverse effect.

It is hard to comprehend the naivity of the parliamentary suggestion to stage some form of alternative competition to the Olympics without even consulting the sporting bodies concerned. Quite apart from such a scheme being literally and logistically a non-runner, it must have struck athletes and administrators how the Government's willingness to absorb these costs, because it suited its political strategy, contrasted sharply with the money it currently spends on athletic amenities, which lags far behind most European countries.

Although ideally sport and politics should be kept apart, this is plainly impossible in the modern world where governments spend ever-increasing sums to subsidise sport. It represents a good investment, a point far more appreciated by the Communist countries because in addition to the obvious benefit to health and leisure, it also provides first-class and comparatively cheap propaganda through winning medals, particularly in the so-called amateur sports.

It has taken British Governments, both Conservative and Labour, rather longer to understand the new political possibilities of sport.

The social and economic changes in our society since the war have greatly increased the wealth, status and influence of outstanding athletes, especially in sports which appeal to television and commercial sponsorship. They have become current national heroes, success symbols in a grey country. In this connection it was significant that President Carter, who initiated the Moscow boycott and must be disappointed by the response, used Muhammad Ali as his envoy in an effort to influence black Africa.

The average world class sportsman or woman is far too self-centred and dedicated to bother with politics, and has even less time for politicians. He simply wants to compete against the best, irrespective of their government, and also to capitalise on his own ability in whatever way possible.

The sporting administrator, like the politician, needs to be an expert in-fighter. He will usually combine a passion for his own sport with a blindness for its imperfections; while his outlook tends to be conservative, parochial, and somewhat self-righteous, strongly resenting criticism and outside interference.

A few weeks ago, former and current internationals drawn from various sports were invited by Lord Thorneycroft, chairman of the Conservative Party, to an informal, and non-political, lunch. None of us was a current administrator so we could, and did, speak entirely freely.

From the discussion, the major point to emerge — and, one hopes, to be noted—was the lamentable lack of communication between Government and sport. Although a closer liaison will not always achieve agreement, it should help to reduce confrontations. There have been too many in recent years.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
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Tuesday April 8 1980

The task for Sig. Cossiga

THE RAPID formation of a new Italian Government, announced just before Easter, is good news both for Italy and for the EEC as a whole. It is good for Italy because the country's worsening economic problems will clearly soon need firm treatment. The *annual inflation rate* is now more than 20 per cent, the public sector deficit is running well over the ceiling set for 1980, and the lira has lost most of its recent strength. It is refreshing, too, to see that Italian politicians can shed their usually lethargic approach to political crises if they need to—the new Cossiga cabinet was put together in the near-record time of 16 days.

Chairmanship

For the EEC, the resolution of the crisis in Rome means that the Italian Government can now devote its full attention to its role of President of the Community, at a time when there is a pressing need for skilful chairmanship. Italy's current international responsibilities, including the *hosting* of a world economic summit in Venice in June, are another reason why a prolonged period of political uncertainty in Rome would have been undesirable.

First and foremost, Signor Cossiga and his team will have to try to defuse the explosive situation caused by the Community's continuing failure to find an answer to the UK's demands for a substantial reduction in its budgetary payments to Brussels this year. After postponing the nine-nation summit originally set for the end of last month, on the grounds of his domestic crisis, Signor Cossiga now has two or three weeks to prepare for the rescheduled Heads of Government meeting. He is reported to be planning a tour round the other Community capitals to explore whether a compromise can be put together that will get everyone off the hook.

In many ways, Italy is well-placed to act as mediator in the dispute, in which the two extreme positions are held by Britain and France. Signor Cossiga is a skilful politician. In Signor Emilio Colombo, his new Foreign Minister, he has a veteran of EEC diplomacy who has a high reputation for his handling of the intricacies of international negotiations. The importance Signor Cossiga attaches to the Community is underlined by his creation of a new post of Minister for European Affairs, to be held by Signor Vicenzo Scotti.

Italy, too, is well placed to see both sides of the argument. Like Britain, it is one of the poorer EEC countries which *feels it has had a poor* financial deal from the Community. On the other hand, it is an extremely "communautaire" country which believes that Treaty rules should be kept and that the aggressive pursuit of national interests should not be allowed to endanger the edifice of European integration. In the dispute so far, it has kept its hands reasonably clean.

It is to be hoped that the British Government will co-operate fully with any Cossiga initiative. In the first place, it is high time that the problem was solved. In the second, Italy could prove a useful ally for Britain in the future—both countries share the aim of reducing the proportion of farm spending in the Community budget and increasing the amount spent under other headings in the poorer countries. In the past Britain has tended to discount Italy in Community decision-making, and it is true that Rome tends to carry less weight than the country's size would indicate. But that is no reason to rebuff a potentially good friend.

Communists

There can be no guarantee, of course, that Signor Cossiga will be able to solve either his own country's or the Community's problems. In Rome his Government is widely regarded as yet another interim arrangement. For the first time since 1974, the Socialist Party is included in the Christian Democrat-led coalition, giving it a majority in Parliament. But the long-running dilemma of Italian politics, the extent to which the Communists should participate in Government, remains unsolved. *Divisions* among the Socialists on the issue could easily undermine the new Government. It must be hoped that the new formula will enable Italy to discharge its international responsibilities in the coming months. But in a country in which the last 35 years have seen no fewer than 39 Governments, it would be foolish to be over-optimistic as to the new regime's life expectancy.

Not working on the railways

BRITAIN'S railways are the most expensive in Europe, but Britain's railwaymen are Europe's lowest paid. It is this paradox which makes the current British Rail pay negotiations more difficult, and more important, than might be suggested by the gap between the unions' demands for 20 per cent and the employers' offer of 17 per cent.

For the past 10 years British Rail has been caught in a vicious circle of rising costs and declining usage, even as its employees' wages have fallen relative to those of other groups. It is clearly in the interests of unions, management and rail-users to reverse these trends. But with the level of Government support declining steadily, the financial constraints on BR are now so tight that the conditions for raising *productivity* are becoming difficult to create.

Equipment

In 1976, British Rail identified up to 40,000 jobs that could be cut by 1981 without reducing the size or quality of the rail network. Less than one quarter of this reduction has actually been achieved. Union opposition has not been the only reason for the failure of this manpower programme. Indeed the rail unions have at times shown considerable interest in negotiating on productivity. Yet, many of the productivity improvements envisaged in 1976 depended on new equipment coming into operation: for example, suburban trains with sliding doors, suitable for one-man operation. But BR's investment ceilings since then have not made adequate allowance for the replacement of obsolete equipment and for new labour saving investment. Furthermore, delays in the renewal of rolling stock have increased the amount of maintenance required to keep the railways going. To make matters worse, even the investment ceilings set in real terms each *year have not been attained*, because the cash limits which were supposed to allow for these investments have regularly made inadequate allowance for the rate of inflation.

Of course, even without new investment there could have been abundant opportunities for manpower savings, merely through changing working practices. But Government constraints on BR in the past three year of the Labour administration made productivity bargaining difficult, because of the overriding emphasis on fixed pay norms in successive incomes policies. This year's pay negotiations could, therefore, mark a turning point in BR's labour relations. However, BR's precarious financial position allows very little room for manoeuvre. There is no scope to pay in advance for phased productivity improvements, to be achieved over a period of years. The manpower savings which are required in order to pay for wage increases at anything approaching the rate of inflation have to be implemented more or less immediately.

The only alternative, given falling Government subsidies, is to increase fares much faster than inflation. This would result inevitably in a sharp drop in volume — for the Inter City services 7.5 per cent of passengers are lost for every 10 per cent increase in fares.

Clearly there are similarities between the predicament of British Rail and that of the British Steel Corporation. But retrenchment in the railways could be less traumatic than in the steel industry, since the financial constraints placed by the Government on BR, stringent though they are, do not demand the transformation nearly as spectacular as the one required from BSC. In spite of the fact that the railways absorb much more public money than steel or any other industry, the Government is right not to squeeze BR even harder.

The case for providing railways with Government subsidies, under strictly controlled conditions, is economically irrefutable and is recognised throughout the world. Public transport provides significant benefits to society as a whole, and not just to individual transport-users. It is, therefore, inevitable that the gains from many rail services, particularly *those in congested urban* areas, cannot be completely equated with the prices passengers are prepared to pay for them. Attempts to operate rail services at a profit can lead to fares rising to a level which discourages the most efficient use of a nation's transport infrastructure.

TRADE EMBARGO ON SOVIET UNION AFTER THE INVASION OF AFGHANISTAN

The loopholes in Mr. Carter's technology sanctions

"THE SOVIET Union will survive even more comfortably than Rhodesia did." This is the view of Herr Otto Wolf von Amerongen, President of the West German Federation of Chambers of Trade and Industry, when he was asked at the Leipzig spring fair about the impact of the trade embargo which the U.S. is trying to impose on Russia in retaliation for its invasion of Afghanistan.

Nearly three months after President Jimmy Carter first unveiled his measures to limit the export of high-technology and strategic items to the Soviet Union, they look like failing. The measures, expanded three weeks ago to cover industrial know-how as well as technology, have been greeted with scepticism from U.S. business, met near-scorn from businessmen abroad, and elicited only a token response from America's own allies.

At Leipzig—the premier East-West trade centre—one West European representative of a U.S. *company which sells high* technology products both to the Soviet Union and to Eastern Europe found East European buyers displaying unusual interest in his company's analytical measuring equipment, manufactured in Western Europe. They wanted to know if their countries fell under the same restrictions as the Soviet Union. The representative gave the standard reply: the U.S. Government was not granting licences for the export of the company's machines to Russia. In other words, as long as the breadth of the embargo's intended impact was unclear, East Europe offered the Soviet Union a potentially huge loophole.

Three weeks ago it was confirmed in Washington that U.S. policy towards Eastern Europe indeed remained unchanged; before that, commercial counsellors in Western embassies in Eastern Europe were saying that their governments would allow sales of high technology products in East Europe. In Leipzig one of them said simply: "We are not in a position to know whether they will pass it on to the Soviets."

The possible East Europe loophole is matched by others this side of the East-West barrier.

When the embargo weapon was wheeled out for grain, high technology and even athletics, the high technology ban always looked the least substantial. U.S. high technology exports to the Soviet Union were very small. Total U.S. manufactured goods exports to the Soviet Union last year amounted to only $600m, of which perhaps one-third were classifiable as high technology, and $200m does not buy much in the way of sophisticated electronics.

The sense of stage management has thus been present from the beginning. When, for example, a few days after the ban was announced Mr. Philip Klutznick, the Commerce Secretary, announced that high technology licences for goods worth over $1bn had been refused, the impartial observer could be permitted some scepticism about the size of the figure. It turned out that the $1bn would have been spread over more than a decade.

That is not to say that no U.S. deals of significance have suffered. Three have. They are the Armco participation in a $350m scheme to build an electric arc steel complex 350 miles south of Moscow, Alcoa's participation in a $100m smelter project in Siberia and (bardly a high technology item, but recently roped into the ban) Occidental's $20bn contract to supply 20m tonnes of superphosphoric acid fertiliser to the Soviet Union over 20 years in return for Soviet supplies of ammonia.

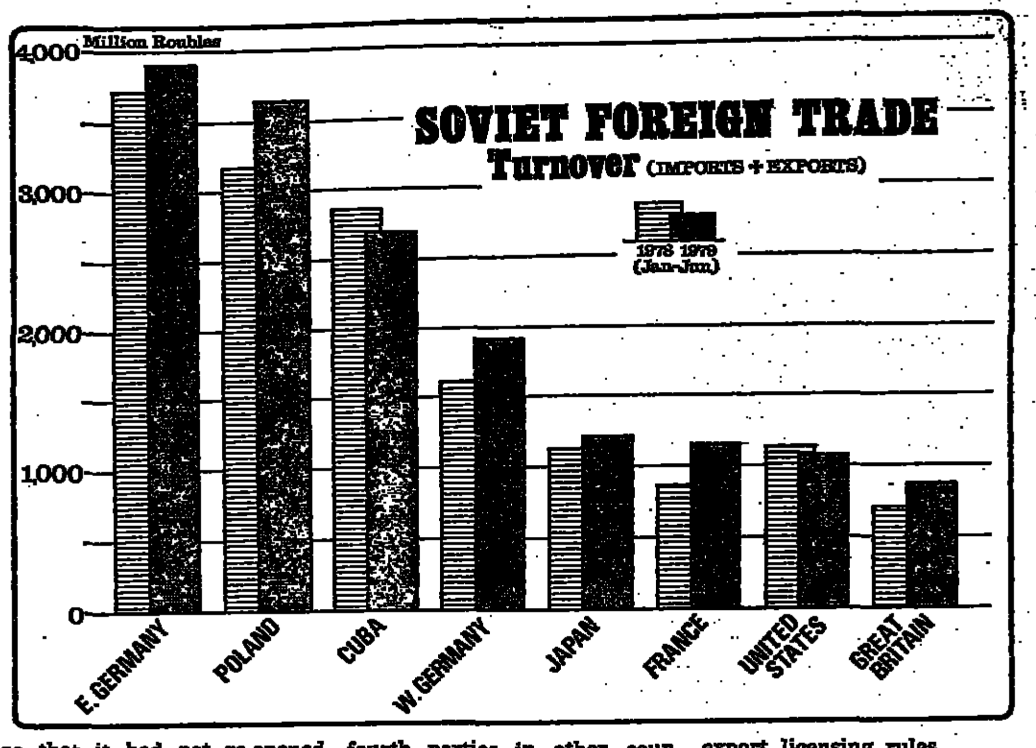
Some uncertainty surrounds the eventual outcome of all these projects. Armco had been given until the end of last month by the Russians to get its export licences; it says it could not get them and was, along with its partner Nippon Steel, out of the contract. Alcoa still says its part in the Siberian job is "suspended" and will not answer questions about *whether it might come back in* again in the future or whether its partner, Klockner of West Germany, is prepared to go ahead without it.

Supping with the Devil

Occidental is publicly aggrieved at the Presidential ban and Mr. Armand Hammer, the company's 81-year-old chairman, went to Moscow to see President Brezhnev to ask him not to cut off the ammonia supplies. Mr. Brezhnev responded with an indication that the ammonia would continue to arrive and with a long analysis of the Afghan situation arguing that the Russians might pull out if the Americans agreed not to interfere and made sure that Pakistan remained similarly quiescent. When Mr. Hammer came home with this message, he was treated in the media *like someone who had supped* with the Devil and become tainted in the process.

As with the grain embargo and the proposed Olympic boycott, the pain which President Carter's specific trade measures can inflict on the Soviet Union depends on the active participation of America's allies. So far the degree of support seems inadequate. Businessmen in Europe and Japan are extremely reluctant to join an embargo. One Italian businessman commented recently: "Sanctions are all very well if everybody applies them. But we are certainly not going to risk seeing an important contract which we have been negotiating for many months going to a competitor."

Armco's chairman firmly believes that Creusot Loire of France will now win the Soviet steel contract, although the French company said two weeks ago that it had not re-opened discussions on the contract since losing to the Armco-Nippon steel consortium last year.



The cost of pursuing tougher action against the Soviet Union was illustrated a fortnight ago; Moscow awarded contracts worth $118m to two French companies for fabrication yards to build oil rigs for the Caspian Sea. The deal was the first major Soviet commercial decision since President Carter announced trade sanctions. British experts on Soviet trade say that the failure of more experienced bidders—one British consortium and one U.S.-based —reflected Soviet reluctance to *deal with these two countries* while they are taking a tough line over the Afghanistan invasion.

A representative of the U.S. company emphasised the point in Leipzig: "If the Soviets don't get the equipment from us, the French or the Japanese will offer them an equivalent product. Take my word for it, the entire embargo is unenforceable."

Even where embargoed U.S. products have a clear technological superiority over Western competitors, non-American intermediaries may be able to circumvent restrictions by buying the embargoed equipment and re-selling it to the Soviet Union. Although a re-export licence from the U.S. may be necessary, businessmen say privately that regulations can be by-passed by extending the chain of sale using third or fourth parties in other countries. In rapidly-developing, high-technology areas like computers it is also often possible to substitute *suitable* non-U.S. items for embargoed components.

This was done in the celebrated case of a U.S. deal stopped by President Carter in 1978 because of the trials of dissidents in the Soviet Union. TASS, the Soviet news agency, was to have bought a computer from Sperry Univac to meet its needs for the Moscow Olympics. Despite U.S. pleas, the French company CII-Honeywell-Bull then bid for the contract along with others, getting round any restrictions on an American Honeywell computer by offering a French equivalent. In what now looks like an important precedent, the company won the Soviet order.

Plainly Western businessmen will only comply with an embargo if they are obliged to by their Governments. It also entails having some means to enforce the ban. At the moment the prospects look poor.

The main scene of battle is Paris, the meeting-place of the Consultative Group Co-ordinating Committee, or CoCom. This secretive committee of officials, from NATO countries plus Japan, co-ordinates national controls on exports to the Soviet Union, Eastern Europe and China in order to provide a measure of Western conformity. It maintains a list of restricted products for which member countries apply similar export licensing rules.

How successful CoCom can be in perfecting the trade weapon is open to doubt. Three years ago a top-level Pentagon advisory group in Washington, the Defense Science Board, reported that controls had broken down because "CoCom members have perceived less of a need to maintain strict controls while the opportunity for individual gain through the sale of technology to Communist countries has increased." It hinted strongly at conscious violations of CoCom agreements, and recommended a tightening of controls, in particular to curtail the transfer of vital design and manufacturing knowledge.

Since then there has if anything been a relaxation in East-West tension and a growth in overall trade up to the invasion of Afghanistan. It seems unlikely that CoCom's restrictions will have been enforced more strongly—as the 1976 Pentagon report demanded.

CoCom's rules are being reviewed following the invasion. The U.S. is listing detailed proposals for the committee's consideration, and the process is expected to take months and so further undermine joint action.

In public, France, West Germany, Italy and Japan each take a soft line about the embargo controversy. Part of the reason is the sheer growth in trade. In the case of France trade turnover with the Soviet Union rose 33 per cent last year, and has trebled in the five years since 1975. The two countries have agreed to work for a similar increase during the next five years.

France likes to pursue an independent line, but West Germany has a similar vested interest in commercial contact with the Soviet Union, because of its peculiar strategic position and the vulnerability of West Berlin to Soviet counter-measures.

West Germany is the Soviet Union's biggest trade partner. Its exports to Russia were up 36 per cent last year and imports up 5 per cent.

Italy, another of Moscow's major trading partners buying Soviet oil and gas, has been even more open in its post-Afghanistan dealings than either France or West Germany. Less than three weeks ago the Soviet Deputy Foreign Trade Minister, Mr. Vladimir Sushkov, signed a $1.5bn 10-year collaboration agreement in Rome with the Montedison chemicals conglomerate. The agreement includes a deal for the construction of seven chemical plants in the Soviet Union worth a total of $800m.

The Soviet Minister also had "informal" consultations with Italian Cabinet ministers about a new $1bn credit at non-commercial rates to replace a $650m credit line which had been largely used up.

Such trade has not only helped create the Soviet industrial machine, it has indirectly helped the country's military build-up as well, by releasing resources. Against this, however, anti-Soviet hardliners are faced with the argument that the Soviet Union offers important sectors of industry in individual countries large and reliable orders, and that to retaliate now would jeopardise the business which cheap credits attract.

Impossible to police

The Italian stance is in strong contrast to the position taken by Mrs. Thatcher's Government in Britain, which has made great play of a decision not to renew the £950m credit line negotiated by the previous Labour Government in 1975.

The impact of the UK stand has been questioned, partly because the move was being considered before the invasion of Afghanistan. More importantly the real penalty it inflicts on the Soviet Union is small—a 7.25 to 7.75 per cent OECD consensus interest rate range, as against a 7.1 to 7.45 per cent *special range* (the rate previously available for Soviet trade). This still offers Moscow a better rate than is available to British companies.

Before Afghanistan there was some feeling in the West that it made no sense to offer the Soviet Union heavily subsidised credits, and this view may since have been reinforced. But joint action in this field by competing economies is another matter.

The history of trade boycotts is not encouraging whether against the Soviet Union, as attempted in 1962 by the NATO alliance, or against Rhodesia after UDI in 1965. Boycotts have rarely worked, proved near-impossible to police and been costly to those imposing them. For the moment there seems little reason to believe an embargo against the Soviet Union will be any different.

Special assessments by CHRIS SHERWELL in London, IAN HARGREAVES in New York, LESLIE COLLITT in Berlin, ROGER BOYES in Bonn, PAUL BETTS in Rome, and TERRY DODSWORTH in Paris.

MEN AND MATTERS

Déja vu at Milford Haven

EVER SINCE Lord Nelson mentioned in dispatches that Milford Haven was the finest deepwater harbour in Europe, there has been no shortage of entrepreneurs eager to exploit its natural advantages.

In the late 19th century there were plans to turn this sleepy Welsh haven into a major transatlantic passenger port. These came to nothing, as did plans to turn it into a key iron-ore terminal, and for the last few decades the *Milford Docks* Company, one of Britain's few quoted statutory undertakings, has subsisted on little more than fishing.

For years the company Boardrooms has echoed with arguments as entrepreneurs have come and gone with their schemes to transform Milford. Only recently a collection of investors headed by former Slater Walker prodigy Richard Eldridge tried to gain control of the port. This failed, but since then the Milford Docks Board has come under increasing pressure from shareholders demanding to know why they should be expected to continue to provide support in the light of the organisation's unimpressive financial record.

Now, details of Milford's future plans have begun to leak out and I am duly impressed by their ambitious nature: the plan is for a £50m container terminal the likes of which London or Liverpool would be proud to run.

The information comes courtesy of Milford's chairman, Charles Smith, who volunteered it to the local planning authority when he was asked for a full *explanation of why he wanted* to build a new road to the docks. With only the sketchiest of details on financing, Smith explained in a memo that "having passed the first century of use, I believe the time is therefore ripe to plan for the next century."

But while Smith and his cohorts look steadfastly to the future, I fear I cannot resist reflecting (and being overcome with a sense of *déja vu)* on Nelson's ageing commendation and events since.

Bitter relations

How heartening to see some healing, however marginal, of the rift between the beards and denim and blue-rinse and good works ends of the beer business. Although the factions represented by the Campaign for Real Ale and the National Union of Licensed Victuallers are still poles apart on most political and practical issues, they have begun to co-operate in promising fashion on a scheme to increase off-sales from pubs.

The idea is to revive the time-honoured but out-moded tradition of taking home draught beer in a saucer-covered jug for consumption in slippered comfort in front of the telly.

A trial run by CAMRA Real Ale Investments in its seven pubs suggested that jug take-aways could account for 2-3 per cent of beer sales. This has intrigued the conventional landlords who want to increase their tiny share of the profitable take-home market. They have co-operated happily on the groundwork and are now, I hear, ready to sit down for formal talks next month.

While I assume the jug will still be welcomed in the snug, the landlords hope to improve the attractions of their notion by introducing a dash of modern technology. For the benefit of the jugless they plan to keep a stock of four- and eight-pint plastic containers for sale behind the bar among the nuts, souvenirs of Benidorm, and pork scratchings.

Pasta joke

As recent extensive exposés of the black economy have shown, today's Italian is not possessed of an overwhelming sense of civic responsibility. Dodging taxes, fines or other bureaucratic levies is on most levels of society regarded as a civilian's "right." The authorities, however, are taking a nincreasingly hard line, as is evidenced by new moves to extract value added tax from the restaurant trade.

As seasoned expense account travellers will have discovered, persuading a restaurauateur to part with a proper receipt is not the easiest of tasks, since every vatted bill has to be matched with a contribution from the restaurant owner to the government.

However, a new regulation has just come into force which transfers much of the burden of responsibility to the man who always seems to pay in the end —the consumer. *No one eating* in a cafe or restaurant, the rules now say, must leave without a numbered receipt complete with VAT charge. To show it means business the Government has said that from October spot checks will be introduced and diners will find themselves and their hosts fined should they be so careless as to depart without their *ricevuta.*

Mining for greens

The inhabitants of Sudbury, Canada, no longer raise their eyebrows at the sight of white-coated men emerging from the depths of International Nickel's worked-out Creighton mine, bearing lettuces, radishes and the occasional tomato.

Loopy as the idea of growing salads 5,600 feet underground might seem, the Canadians have been taking the notion seriously for some time. The Government has even chipped in £30,000 towards the cost of research. "We are cultivating about an acre down there at the moment," agriculturist Dr. Tom Peters tells me.

The most important task at present is perfecting the artificial lighting, crops being subjected to varying lengths of artificial "day" brightened by blends of sodium, fluorescent and other forms of artificial lighting

The logic of spending good money on artificial light for subterranean horticulture in a country as big and empty as Canada might not seem immediately obvious. But Peters claims light is one of the less important aspects of the project.

"In Ontario producing heat for winter vegetables represents 50 per cent of the cost. In the mines we can take advantage of the geothermal heat—for every 100 ft we go down the temperature increases by 1 degree Fahrenheit. At 5,600 ft underground it's 95 to 96 degrees.

Outlook sunny

A thinking man's graffito illuminating the grim environment of Leicester Square Tube station: "The only safe nuclear reactor is 93,000,000 miles away."

FINANCIAL TIMES SURVEY

Tuesday April 8 1980

Malaysia

Half way through its 20-year programme of social and economic changes Malaysia is reviewing its achievements so far. Efforts to integrate the Malay majority into the nation's mainstream, in business, education and other fields, are continuing. The economic mainsprings are still the plantations, tin mining and trade but the political climate has changed considerably, with Vietnam's policies in Kampuchea forcing Malaysia to take a crucial role in ASEAN, the grouping of South East Asian nations.

Confident nation backed by rich resources

TO SEE Malaysia growing rapidly more prosperous, and its people growing steadily more self-confident at a time when most countries around the world are swamped with inflation and girding themselves to face economic recession, it is clear that the gods have *smiled on* this bountiful nation.

Malaysia's wealth traditionally rests on five basic commodities, of which it is the world's leading supplier. The *world relies on Malaysia for* almost 60 per cent of its palm oil, more than 50 per cent of its rubber, 40 per cent of its tin and most of its pepper. Malaysia also exports more *timber than any other country.*

As if this was not enough, Malaysia has discovered considerable reserves of oil and is thought to have some of the largest known reserves of *natural gas. Income from the* export of oil and gas is expected to overtake rubber this year as the country's most substantial earner of foreign exchange.

Benefiting from rocketing oil *prices, Malaysia has* also seen the price of its other leading commodities settle at record levels during the past year. Export income has risen by 40 per cent and terms of trade *have leapt by 14.5 per cent.* The economy has managed to sustain GNP growth at a steady 8 per cent during the past five years.

The country has managed for a number of reasons to put its wealth to good use. It is blessed with honest government, a non-political army and a police force with no tradition of corruption. The bureaucracy, *while it is growing faster than* many would like, is relatively efficient and is also relatively corruption-free. A pragmatic approach to economic development and to foreign investment has paid dividends.

Just as Malaysia has been blessed with natural resources, some would say it has been cursed with the most precarious of racial balances. A steep economic downturn could quickly inflame the simmering racial tensions.

Of the 13m population, only 53 per cent are ethnic Malay—called Bumiputras. Of the rest, 35 per cent are Chinese and 11 per cent are Indian. Most of these were either pushed out of their own countries to seek a fortune wherever they could, or were brought into Malaysia by plantation owners as a source of cheap labour.

The races still keep their separate languages, traditions and identities. The deepest resentment is based on the concentration of wealth in the *hands of the highly-competitive* and entrepreneurial Chinese community. The Malays, by contrast, make up most of the rural poor and over time they have nurtured a fear of being *overwhelmed by others* in their own land.

The bloody race riots of May, 1969, in which many Chinese were killed, are still vividly recalled. They form a water*shed in the history of indepen*dent Malaysia. Most government policies—most important of them the new Economic Policy (NEP) designed to discriminate in favour of Bumipatras to redress *inequalities and divisions* in society—have their roots in the events of May, 1969.

1979 ECONOMIC PERFORMANCE

		Percentage increase on 1978			Percentage increase on 1978
GNP per capita	Ringgits 3,184	+ 8.3	External debt	R4.52bn	+17.1
Gross exports	R24.02 bn	+40.5	Debt service	R1.24bn	+11.4
Gross imports	R17.06bn	+25.0	External debt service ratio	1.8% (1978=3.6%)	
Merchandise trade surplus	R6.57bn	+83.51	Total employed	4.7m	+ 3.6
Current account	*R2.27bn*		Unemployment rate	6.1% (1978=6.2%)	
Overall balance of payments	R1.79bn		Man-days lost due to strikes	24,900 (1978=35,000)	
Reserves at Dec. 31	R9.22bn (seven mths.' imports)		Prime lending rate	7.5%	
Terms of trade		*+14.5*	*£=Ringgit 4.85*		

Appalled

Wariness about latent racial tensions was a major reason why the Government of Datuk Hussein Onn pushed the panic button in June last year after 75,000 "Boat People" refugees from Vietnam had arrived on their shores. Western governments, unattuned to Malaysia's domestic racial problems, were appalled to see coastal patrol boats towing refugees back to sea and almost certain death.

Nevertheless, the crisis tactics worked. After the refugees, and the Western nations agreed to accept more of them. Malaysia now has just 25,000 refugees in camps on its east coast. The number has fallen steadily, and the refugee problem has evaporated as a domestic political issue.

The New Economic Policy, a 20-year programme launched in 1970, is now half complete. Its aims are for a more even distribution of wealth, for a more balanced distribution of races among the professions, agriculture and industry, for spreading ownership of the nation's industries more evenly, and for providing better educational opportunities for the Malay majority.

In all of these fields it has made *progress, particularly in* providing tertiary education for Malays, and in redistributing equity ownership in Malay companies. In 1970, Malays owned only 2.4 per cent of the nation's equity capital. Foreigners owned more than 63 per cent, while Malaysia's Chinese and Indians owned the rest.

The aim is to boost the Bumiputra share to 30 per cent, *with 30 per cent for foreigners* and 40 per cent to be shared among the rest. By now, the Bumiputra share has been lifted to 16 per cent, mostly at the expense of foreign *interests, whose equity share* has been trimmed to less than 44 per cent.

Unfortunately, most of the Bumiputra share has been taken up by institutions since few *Malays can afford to invest in* their own right, and it is still not certain how the institutions will eventually disburse their holdings.

The emphasis into the Fourth Plan period, from 1981 to 1985, will be on rapid development of rural infrastructure, investment in heavy industries such as steel mills, aluminium plants and downstream plants based on offshore oil.

In spite of progress—perhaps even because of it—racial tensions have increased rather than dwindled. Chinese demands for better educational opportunities and for a Chinese language university—Merdeka—persist. Complaints about discrimination in recruitment and promotion are as loud as ever.

The Government is not overly depressed by these rumblings, however. Mr Tengku Razaleigh Hamzah, the Finance Minister, conceded recently: "The long-term structural changes that are taking place tend to cause some feeling, disruption and alienation. This is unavoidable (since) economic restructuring raises social, racial and even political tension in the short term."

Mercifully, the nation's commodity wealth has ensured that redistribution has not been at the complete expense of the Chinese and Indian minorities. *The economic cake* has expanded rapidly enough for the Malays to win a bigger share without the minority groups being deprived.

The Government's awareness *of the resentment* it has provoked explains its rather nervous marriage with democracy. Polls are regular and counting is fair, but the National Front coalition led by Mr Datuk Hussein Onn's United Malay National Organisation (UMNO) has kept electioneering under strict control while at the same time keeping close tabs on the media.

Internal security laws in Malaysia are severe, allowing indefinite detention without trial. Executions for possession of firearms—in other countries by no means a capital offence—are *frequent.*

This is in part explained by the much-publicised threat from Communist infiltrators. Government troops are fighting a constant jungle war against Com*munists along the country's* northern border with Thailand, but many feel that the estimated total of 3,000 insurgents does not justify such harsh security laws.

Nervousness *is* nevertheless heightened by regional instability—in particular the war for control of nearby Kampuchea. As a prominent member of the non-aligned movement, Malaysia has been extremely cautious about pointing a blaming finger. But with other members of ASEAN (Association of South East Asian Nations) it feels immediately threatened.

Recognition

The Government therefore has found considerable comfort in the tremendous volume of international support declared over the Kampuchea conflict. The diplomatic traffic through Kuala Lumpur has been dizzying, and was crowned recently when EEC Ministers gathered in Kuala Lumpur to give formal recognition to ASEAN.

EEC and ASEAN Ministers *signed a joint statement in* which ASEAN was given full backing for any policy initiatives it decided to take on Kampuchea. Ministers also strongly condemned the Soviet *invasion of Afghanistan—which* may seem distant from the interests of south east Asia but the issue is of considerable emotional importance to a self-consciously Moslem nation such as *Malaysia.*

A resurgence of Islamic fundamentalism, capitalised upon by the Parti Islam, has given the Government its share of worries. There have been signs within the dominant UMNO of more militant Islamic murmurings, and there is concern in case this might force the Government from its moderate and even-handed course of trying to amalgamate all sections in society in the cause of national unity.

These niggling worries apart, most indicators seem to be set fair as Malaysia enters the second and final decade of the national economic policy. Amid worries over lethargic private *investment, continuing inequali*ties in wealth and accelerating inflation, there is an overriding sense of continuity and stability.

Malaysia is better off than it was a decade ago, and the people know it. They also feel confident that things are likely to get better still.

There are many who argue that the tyranny of poverty in developing countries can be escaped only by delivering the State up to the tyranny of authoritarian rule. Malaysia is living proof that this need not be so.

David Dodwell

Datuk Hussein Onn: close tabs on the media

BASIC STATISTICS

Area	127,315 sq m
(peninsular Malaysia	*50,806 sq m)*
Population	12.96m
GNP (1978)	R34,608m (£7,785m)
Per capita	*R2,670 (£601)*
Trade (1978)	
Imports:	R13,690m (£3,079m)
Exports:	R17,094m (£3,845m)
Trade with UK	
(1978) *Imports:*	£136.60m
Exports:	£199.93m
(1979) *Imports:*	£187.43m
Exports:	£221.49m
Currency: Ringgit	£=R4.85 (1/4/80)

Race is crumbling keystone of politics

TO TALK of politics in Malaysia is to talk of race. Political parties either represent racial groups or are fragile coalitions of racial interests.

Most policies are aimed at reducing racial tensions. Racial differences are the basis of the present Government's power and at the same time the source of most of its problems.

The National Front Government, a coalition *of 10 parties* led by the United Malay National Organisation (UMNO), would seem impregnable. In the general elections in 1978, it swept the board, winning 131 *out of 154 seats in the House of* Representatives. At the same time, it won majorities in all 13 of Malaysia's state governments.

Despite this apparent strength, the National Front is a frail creation. The dominant UMNO is loudly committed to national unity, but in fact has a deep and continuing commitment to furthering Malay interests. Its coalition partners have narrow racial bases but rely heavily upon the patronage of UMNO for the few parliamentary seats and Government offices that they hold.

The whole political community is ossified along racial lines. It is the declared aim of the present Government to defuse the racial issue, but after more than a decade of sincere effort in this direction, no one can confidently claim that it will succeed.

The problem lies in Malaysia's racial mix: about 53 per cent of the population is ethnic Malay, with about 35 per cent Chinese and about 11 per cent of Indian origin.

Such an even balance would be manageable were it not for the fact that racial differences coincide with differences in wealth and profession: the Chinese, closely linked with business, hold most of the country's wealth and are concentrated in the important urban centres; the Indians split between the plantations and the professions.

In the words of Dr. Chandra Muzaffar, an academic at the University of Penang, the Malays were left with "the fear of a community that was not only indigenous but poor. The *fear of being overwhelmed by* others in their own land created a sort of anxiety, a sort of insecurity that was without parallel."

Turning point

Race riots in 1969, in which Malays attacked and butchered Chinese who had been rash enough to celebrate electoral success with too much enthusiasm, marked the political turning point. Democracy was suspended for three years and the New Economic Policy (NEP) was introduced with the single aim of discriminating in favour of ethnic Malays to give them a more equitable share in the wealth of their own country.

"It was to protect an economically weak indigenous community from being overwhelmed by what was perceived as an economically strong immigrant community," said Dr. *Muzaffar.*

The UMWD - dominated National Front committed itself totally to improving the lot of the "Bumiputras"—the "sons of the soil," according to Datuk Musa Hitam, who holds the important education portfolio." The very essence of the (Bumi) policy is discrimination. We have to lift Malays out of the kampong age and into the urban technology age. We don't apologise for it."

The WEP aimed at reducing economic inequality, improving educational opportunities for Malays, and ensuring that Malays won an appropriate stake in the nation's growing commercial and manufacturing sectors. In 1969, "Bumis" owned just 2 per cent of the nation's business. It is intended that by 1990 they will own 30 per cent.

At present, the nation is in a *political lull. Not only does* the ruling National Front coalition have an unassailable grasp of parliamentary power, but general elections are not due until 1983. However, two by-elections, one held last December in Port Klang, west of Kuala Lumpur, and a second, to be fought on April 5, in a poor rice-growing area in the north-western state of Kedah, illustrate well the simmering racial themes which dominate political life.

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Foreign policy dominated by Kampuchea conflict

MALAYSIA'S hopes that South-East Asia can be moulded into a "zone of peace and neutrality" have been buried in Vietnam's 15-month-old struggle for control of Kampuchea. The conflict continues to dominate all political relations in the region, and with no hint of a political solution in sight, the Government of Prime Minister Datuk Hussein Onn has begun to redefine its attitude towards the countries involved.

As a front-line state, Malaysia feels immediately threatened by Vietnam's military presence in Kampuchea. And as a country at the heart of ASEAN (the Association of South East Asian Nations, grouping Malaysia with Thailand, Singapore, Indonesia and the Philippines) it is also acutely aware of the threat to stability in the wider region.

One senior Malaysian Foreign Ministry official said recently: "A neutral Kampuchea is fundamental to lasting peace in the area. Without this neutrality, South-East Asia is doomed to instability; it will again become a battleground for the superpowers."

Datuk Hussein Onn's Government is adamant that bridges with the Vietnamese Government should not be burned, and so has maintained a steady diplomatic shuttle between Hanoi and Kuala Lumpur. But the events of the past year have undermined Malaysia's faith in Vietnam's willingness to negotiate any compromise over control of Kampuchea.

Tough minded

Ministers have become sadder and wiser as they have found their sympathetic diplomacy exploited by Vietnam's tough-minded leaders. While still formally committed to finding an early negotiated settlement to the battle for control of Kampuchea, Malay officials confidentially fear that Vietnam will come to the negotiating table only after a long, slow war of attrition has sapped its energy to the core.

Following the unproductive visit to Hanoi in February by Tengku Datuk Ahmad Rithauddeen, Foreign Minister. One senior official said: "It is dangerous to make any assessment about Vietnam's willingness to stop fighting, but we now feel we must be prepared for a long haul."

This represents a significant shift, since of all the ASEAN member states, Malaysia (with Indonesia) has bent over backwards to give Vietnam the benefit of the doubt. This was the case when Vietnamese troops first poured into Kampuchea: the Malays sympathised with the claim that this was in relation against Khmer Rouge incursions into Vietnamese territory.

In addition, Malaysians have always had sympathy for Vietnam's obsessive fear of China. It is a fear they feel themselves. The Malay government was quick to condemn China's lightning invasion into northern Vietnam, whether it was to teach the Vietnamese a lesson or not.

Malaysia, and in particular its flamboyant Home Minister Tan Sri Ghazali Shafie, take much of the credit for solving the "Boat People" crisis, though at the time its harsh and controversial stance was vehemently criticised in the West.

In June last year, with 75,000 refugees already on Malaysian soil and new arrivals touching 20,000 a month, the Malaysian Government set off the alarm bells. Annoyed at what it felt to be the self-righteous complacency of the West, the Government said it would accept no more. It started towing refugees on newly arrived boats back out to sea—some of them to certain death.

Dr. Mahathir Mohammed, Deputy Prime Minister, made the "misquote" of the year by threatening to "shoot on sight" refugees trying to come ashore. Tan Sri Ghazali Shafie later imaginately clarified that Dr. Mahathir had in fact said "Shoo," but the damage was done.

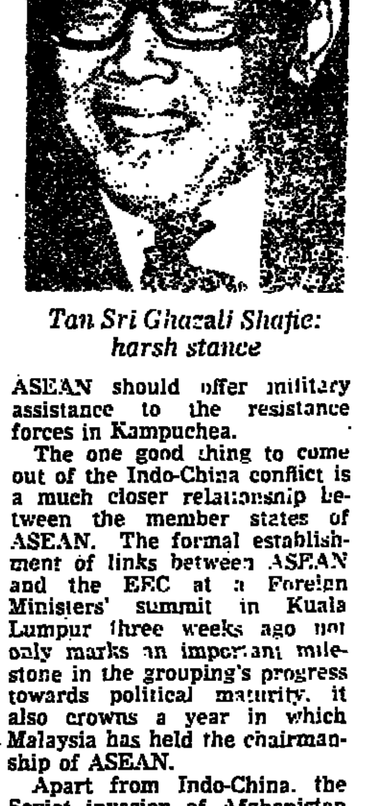
Without this precipitate action, the July Geneva conference on refugees almost certainly would not have been convened so promptly. Nor would it have been galvanised to reach a lasting solution. Vietnam, faced with almost universal condemnation, agreed to halt the exodus for six months. Nine months later, the moratorium is still intact. The Western nations, for their part, promised to accept refugees for resettlement at an accelerated rate. Malaysia now has just 25,000 refugees, and all will have been transferred to permanent homes in the West by the end of the year—provided the flight from Vietnam is not resumed.

Malaysia's success in forcing compromise on the Vietnamese on this issue fuelled confidence that the conflict in Kampuchea could also be solved by mediation. Vietnam has refused to budge. Its troops are as firmly entrenched in Phnom Penh as they were a year ago.

Malaysia's declining faith in Vietnam has been reflected in improved relations with China, Vietnam's most vehement critic. As early as last May, Datuk Hussein Onn visited Peking, ignoring critics who argued that he should not travel to China so soon after its invasion of Vietnam in February.

Huang Hua, China's Foreign Minister, was warmly welcomed in Kuala Lumpur just two weeks ago on a hastily-arranged tour intended to preempt an imminent visit by Ng Co Thach, Vietnam's new Foreign Minister. The visits are strongly reminiscent of the courtship of ASEAN that took place in 1978 when Deng Xiaoping, China's senior vice-premier and Pham Van Dong, Vietnamese Prime Minister, visited the capitals of the region in close succession.

Malaysia's leaders are unlikely to shift far however. Their non aligned image is very precious to them. They sincerely fear south east Asia being turned into a "battleground for the big powers," and would like to keep them all at arms' length. For this reason, Malaysia has strongly opposed proposals that



Tan Sri Ghazali Shafie: harsh stance

ASEAN should offer military assistance to the resistance forces in Kampuchea.

The one good thing to come out of the Indo-China conflict is a much closer relationship between the member states of ASEAN. The formal establishment of links between ASEAN and the EEC at a Foreign Ministers' summit in Kuala Lumpur three weeks ago not only marks an important milestone in the grouping's progress towards political maturity, it also crowns a year in which Malaysia has held the chairmanship of ASEAN.

Apart from Indo-China, the Soviet invasion of Afghanistan was also high on the summit agenda. While this conflict is many thousands of miles away, its implications were strongly felt by ASEAN members—particularly in the self-consciously Moslem state of Malaysia.

For all the progress made towards political unity in ASEAN, progress towards greater economic co-operation and free trade inside the region has been slow—some would say disappointing.

Bilateral relations have always been smooth. The Malaysian Government is greatly concerned by continued instability in Thailand and was visibly relieved at the peaceful transfer of power from Gen. Kriangsak Chamanad to the government of Gen. Prem. This has pushed to the sidelines a niggling row between the two countries over joint operations against Communist insurgents along their shared border.

Over the year, Singapore has given Malaysia some anguished moments. The Singaporeans are seen as the hawks in ASEAN. They have been persistent and uncompromising critics of Vietnam, causing genuine embarrassment to the more pragmatic foreign policy planners in Malaysia.

Age-old territorial disputes still niggle in relations with the Philippines, but similar disputes with Indonesia have not prevented a close relationship being built up. President Suharto of Indonesia spent two days talking to Datuk Hussein Onn at the end of March. The two leaders are understood to have discussed refugees, the situation in Indo-China ahead of a rumoured visit to Hanoi by a senior Indonesian Minister, and the possibility of diplomatic relations being established between Indonesia and China.

Outside the region, Malaysia has not only played an important role in the non-aligned movement, but also in the Islamic movement—particularly at the summit convened in Islamabad in February. Traditionally, warm relations with Egypt have forced on Malaysia the important but invidious role of piggy in the middle between Arab moderates and hardliners, particularly over the Palestinian issue.

Malaysia's special relationship with Britain took a bruising when the Conservative Government decided to increase fees for foreign students at British universities. Malaysia seends about 3,000 students a year to Britain and there is little doubt that the jump in fees will divert many of these to universities and colleges in other countries.

Revulsion

Britain's decision to withdraw recognition from the Pol Pot regime in Kampuchea also upset the Malay Government. ASEAN member states feel strongly that in spite of their revulsion at the genocidal rule of Pol Pot's Khmer Rouge Government, continued recognitions is one of the few bargaining counters left to them in negotiations for Vietnamese withdrawal from Kampuchea.

However, Malaysia shares with other ASEAN countries reservations about the "Pacific community" concept. There is a nagging fear that such a community, if it were to become an organised and properly-constituted entity, would overshadow and perhaps overwhelm ASEAN itself. It is seen as a possible vehicle for economic and political domination of the region by superpowers such as the U.S., Japan and perhaps, eventually, China.

David Dodwell

Race in politics

CONTINUED FROM PREVIOUS PAGE

The seat in Port Klang fell vacant on the death of Transport Minister Taw Sri Y. Manickavasagam, who was also leader of the Malaysian Indian Congress (MIC). The MIC, a member of the National Front coalition, has just four seats in Parliament. So dispersed is the Indian population that it would have none but for an agreement within the coalition not to contest certain seats "reserved" for MIC candidates.

Since Port Klang was one of those "reserved" seats, Prime Minister Datuk Hussein Onn was under strong pressure to appoint a fresh MIC candidate to fight the by-election on a National Front ticket. However, the Malays in the constituency, who made up more than 50 per cent of the electorate, were demanding a Malay candidate. In addition, the opposition Democratic Action Party (DAP) with strong roots in the Chinese community, had been active in the constituency and stod to gain if the National Front was divided.

Two worries

Datuk Hussein Onn, finally deciding to back an Indian candidate, faced two worries: Malay voters might defect to the Malay chauvinist Parti Islam, a party which has made strong gains since the resurgence of Islamic fundamentalism in the Middle East. Second, a victory for the DAP would boost the total of their parliamentary seats to 17, which would be equal to the number of seats held by the Malaysian Chinese Association, the member of the National Front coalition claiming to represent the nation's Chinese interests.

The DAP claims to have the support of 80 per cent of the Chinese in those constituencies it contests, and argues with some justification that the MCA only holds the Parliamentary seats it does because of the protection and patronage of the UMNO. A victory for the DAP would endorse these claims, and undermine the MCA's role as "representative" of the Chinese community.

In the end, the National Front's Indian candidate won the poll, but not without a heavyweight election campaign supported by a whole panoply of Ministers.

The by-election in Bukit Raya, east of Alur Setar, the state capital of Kedah, is a straight fight between the National Front, fielding a Malay candidate, and the Parti Islam. This poor rice-growing state on the border with Thailand, is known as the "Koram Belt," and the Bukit Raya constituency is a traditional stronghold of the Parti Islam.

In the 1978 election, a Parti Islam candidate won the seat with a 1,101 majority. There are two reasons why the Parti Islam might do well again this time: first, it is campaigning under the banner of "religion, race and party," a call which could have strong appeal amid a resurgence of Islamic fundamentals.

Second, rice farmers in the region have seen their real incomes decline since 1975, and were recently aggrieved by a bungled Government attempt to raise their rice incomes. Most farmers, confused by the introduction of a complex coupon payment system, felt their incomes had been cut rather than increased.

By an unfortunate coincidence, discontent over rice prices boiled over into a major demonstration in January which ended with an attempt to burn down the state government headquarters.

The outcome of the election is significant for a number of reasons. First, the Parti Islam lost control of the state of Kelantan in the 1978 General Elections, and cannot afford further erosion of support in what is seen to be a traditional stronghold. Second, the UMWO leadership in the National Front is concerned about the resurgence of Islamic chauvinism. Heavy defeat at Bukit Raya would put it under considerable pressure to adopt more openly pro-Islamic policies—pressure already voiced by leaders of the party's youth wing.

The outcome is also important because Kedah is the home state of Deputy Prime Minister Dr. Mahathir Mohammad. Dr. Mahathir's prospects as a future Prime Minister to some extent depend on his ability to maintain a firm power base in his home state.

At the time of going to press the outcome of the *Bukit Raya* by-election was not known. Defeat for the Parti Islam would be a great boost for the National Front, and a blow for Islamic fundamentalism. A landslide victory for the Parti Islam would force the Government to repolish its pro-Moslem image. A marginal victory for the Parti Islam is the most likely outcome.

Power base

One might think that with such a massive majority in parliament, the Government coalition could afford to shrug off such threats. But its power base is not as firm as it might seem. While it won 88 per cent of the seats in the 1978 election, it won only 50 per cent of the votes cast. By contrast, the opposition DAP won just 10 per cent of the seats with more than 20 per cent of the vote.

Lim Kit Siang, leader of the DAP, claims with some justification that his party's electoral showing would have been much stronger if electoral boundaries had not been redrawn so strongly in favour of the rural electorate, and if there had not been a ban on campaigning ahead of the election, for reasons of internal security.

The DAP threat is a real one. While it draws most of its support from the Chinese community, it is an avowedly multi-racial party and had broad-based support in most urban areas.

The Gerakan, another member of the National Front coalition, holds power by courtesy of UMNO, and can expect to fight for its life against the DAP in the next elections. Lim Kit Siang feels confident that victory is within reach—unless the Government once again redraws constituency boundaries.

Against this background, the UMNO leadership has maintained a nervous marriage with democracy since 1972. The Internal Security Act keeps around 1,000 Malays in jail without trial — some of them have been there for 10 years. It has also been used for a number of executions for the possession of firearms.

Lim Kit Siang, who has committed his DAP firmly to support for human rights, said: "The National Front is making the unions virtually part of the Government. As usual, they are over-reacting, and seem determined to see conspiracy under the carpet everywhere they look."

While the Government has set about discriminating in favour of the Malay majority, discontent among the Chinese and Indian minorities has continued to simmer. Frustrations focus on the shortage of university places as preference is given to Malay candidates, to limited promotion prospects as companies strive to adjust staffing ratios in favour of Malays, to reduced business opportunities as access to land and work licences is reserved for "Bumiputras."

The saving grace has been the strength of the economy, which has enabled the Government to give Malays a bigger share of the cake without taking cake out of the hands of the Indians and Chinese.

So far, economic success has bought time for the Government, but has failed to solve its problems. By 1990, the Economic policy is supposed to have resolved the basic conflicts, but as yet it is not clear how this will be achieved.

In the words of Tengku Razaleigh Hamzah, Finance Minister and a future contender for party leadership: "Economic restructuring inevitably raises social, racial and even political tension in the short term. It is generally accepted, however, that given the record of responsible political leadership and prudent management of the economy, we should be able to continue to do well in pursuing our overriding objectives of national unity."

David Dodwell

Wealth of resources an economic bedrock

MALAYSIA'S GOVERNMENT economists, conservative to the last, continue to underestimate the country's powerful economic performance. Their excuse is that some of the wealth is windfall profit from buoyant commodity prices. But with few signs that prices will fall, they are already preparing to do their sums for 1980 again.

While other developing countries stagger from one economic crisis to another, Malaysia has been firmly underpinned by its remarkable wealth in basic commodities. As the world's largest exporter of rubber, tin, palm oil, hardwoods and pepper—all of which have been attracting record prices over the past year—its coffers are brim full.

In addition, Malaysia is almost self-sufficient in rice, and most important of all, is a net exporter of oil and gas. The rapid recent rise in oil prices has doubly benefited Malaysia. Not only have oil revenues leapt by 67 per cent in 1979, with projections that oil will overtake rubber as the single biggest export earner in 1980; the associated rise in price for synthetic rubber has boosted prices for Malaysia's natural rubber. Latest figures for 1979 show a 9.9 per cent boost in rubber output and a 29 per cent rise in export income.

Export values overall rose by 40 per cent in 1979 to Ringgit 24.02bn while the merchandise trade surplus for the year rose to Ringgit 6.57bn. The surplus on current and capital account was Ringgit 2.27bn. Reserves stood at Ringgit 9.22bn at the end of the year, equal to seven months' imports. Terms of trade rose by 14.5 per cent in 1979, taking the improvement since 1975 to about 40 per cent. Gross Domestic Product, at 1970 constant prices, has risen to Ringgit 24bn.

TRADE
(US$m)

Year	Imports (cif)	Exports: Total	By main commodity: Rubber	Palm Oil	Tin	Petroleum	Timber
1975	3,552	3,844	843	480	600	694	928
1976	3,825	5,289	1,219	548	502	355	463
1977	4,536	6,078	1,373	727	692	819	960
1978	5,911	7,381	1,555	808	873	977	1,098

The Government, true to its conservative tradition, recognises numerous worrying signs, however. Most obviously, commodity prices that have risen so rapidly can equally well slump back—particularly if the widely predicted economic recession begins to bite among the western industrialised nations.

It is as well to remember that in 1974 a synchronised fall in all of Malaysia's commodity prices trimmed the terms of trade to 68 per cent of their 1970 level overnight. Inflation soared to 17 per cent, and economic growth shrank to 2.2 per cent.

The Government is also concerned about inflationary pressures. A formidable subsidy programme totalling Ringgit 1.26bn in 1979—10 per cent of the federal budget—pegged domestic prices for essential goods such as rice and kerosene, leaving the official inflation rate at around 5 per cent. But cracks are beginning to appear in the Government's price restraint policy, mainly because the price of so many essential imported goods is rising rapidly.

Mr Tengku Razaleigh Hamzeh, the Finance Minister, has all but admitted that the price of oil products like petrol and diesel fuel must soon rise. At the same time, property prices are rocketing, while wages are rising by between 10 and 20 per cent a year. Cement prices have leapt by 30 per cent in recent months, rents by 40 per cent, electricity by 20 per cent.

It is widely believed that the consumer price index, heavily weighted in favour of food, is in urgent need of revision. Most independent analysts agree that a properly weighted index would show inflation at about 10 per cent—perhaps not high by international standards but likely to be a shock to a nation used to inflation below 3 per cent a year.

As inflation increases, so there are increasing pressures for domestic interest rates to rise. With a base rate of 7.5 per cent, Malaysia offers some of the cheapest capital available anywhere in the world. But with international rates hovering between 18 and 20 per cent, there is some seepage of capital from Malaysia on to the international markets.

Central Bank officials insist that the net flow of funds is still in Malaysia's favour, and that there is as yet no sign of a fall in private savings, which rose by 31 per cent in 1979. But they concede that if rates on the international markets stick at their present levels for a longe period, then higher interest rates might become inevitable.

Another area for concern is the slow growth in private sector investment, which is paradoxical in view of the cheap capital available. With the exception of investment in oil, which leapt by 28 per cent in 1979, private sector investment grew by just 10 per cent last year. Of this the construction industry, which accounted for 40 per cent of the total, rose by 20 per cent, while manufacturing investment grew by just 7 per cent.

The Government predicts that private investment will fall still further in 1900, to an overall 8 per cent, in part because of recession worldwide and also because of the high cost of imported machinery and other manufacturing inputs. The substantial Chinese business community, discouraged by economic discrimination in favour of ethnic Malays under the New Economic Policy, are also not investing with their traditional vigour.

Interference

Foreign investment, now totalling about Ringgit 1bn a year, is lagging at about half the predicted level. Some blame worldwide recession, others excessive bureaucratic interference in industry through the growing number of parastatal corporations set up by the Government.

To counter the slowdown in ecnoomic activity foreseen worldwide, the Government has taken it upon itself to provide a counter-recessionary stimulus. Public investment leapt by 22.3 per cent in real terms in 1979, while in 1980 it is expected to grow by another 23.4 per cent. Most money will be spent on agricultural and rural development, education, housing telecommunications, power and electricity.

Spending in the 1980 budget has been hoisted by 17.6 per cent to counter a slowdown in growth. This will allow public sector demand to rise by around 21.4 per cent in 1980. Between 1976 and 1979, the public sector's share of GNP rose by 2 per cent to 29 per cent.

As the Government prepares the Fourth Malaysian Plan, due to begin in 1981, so heavy investment in large-scale industrial projects can be expected. At least two steel mills are to be built, with an aluminium smelter, and numerous downstream industries based on the country's newly-found oil supplies. This will boost the public sector share in the economy still further.

As the Third Plan period draws to a close, so the Government has begun to assess its achievements. The first observation made by Dr. Mahathir Mohammed, Deputy Prime Minister, is that implementation of the plan has been very patchy, mainly because of a shortage of properly trained adminstrators.

To remedy this shortcoming an extra 80,000 officials are to be recruited and trained to administer the Fourth Plan—which implies a 12 per cent boost in civil service manpower. This may be no bad thing, since the Government predicts a continuing drift of workers from the rural areas to the towns and cities of Malaysia, and foresees the need for a rapid job creation programme in the urban areas.

The job shortage is particularly acute for men, since much of the manufacturing industry growing up in the urban areas is based on consumer electronics and textiles, and uses only female labour.

The Government is also beginning to assess how effectively it has achieved the social engineering goals laid down in the New Economic Policy (NEP), which is now half way through its planned 20-year life. The NEP aims to redistribute wealth and economic opportunities in the country in favour of the "Bumiputras"—the ethnic Malaysians which make up 51 per cent of the total population of Malaysia, and include most of the rural poor.

ECONOMIC INDICATORS

Year	Unemployment (1975=100)	Consumer Prices (1975=100)	Industrial Production (1975=100)	Current Balance (US$m)	Foreign Exchange Reserves (US$m)
1975	100.0	100.0	100.0	−444	1,321
1976	88.4	102.6	115.4	647	2,266
1977	90.2	107.5	125.4	+516	2,688
1978	85.7	112.8	137.4	− 20	3,123
1979		116.9			

A primary aim is to reduce the foreign and Chinese share of industrial and manufacturing equity. In 1979 foreign interests owned more than 63 per cent of equity in Malaysian companies, with 34 per cent in the hands of Chinese and Indians and just 2.4 per eent held by Bumiputras.

The aim is to transfer ownership so that by 1990, Bumiputras own 30 per cent of equity, foreigners another 30 per cent, with 40 per cent in the hands of "others."

Slow progress

Progress has been slow, but significant. Foreign ownership has been trimmed to below 44 per cent, while ethnic Malay ownership has risen to 16 per cent. Unfortunately, few of the poor Malays have been able to benefit from the change; most of the equity transferred into Bumiputrea hands has been taken up by institutions or by Malays who are already wealthy.

So the underlying concern over unequal wealth distribution remains. About 30 per cent of the population still subsists below the official poverty line—most of these are in the poor rice-growing areas and on some of the plantations. Government economists and Ministers claim that this seems to be an inevitable phase in the process of capitalist development. They hope that by 1990 that same capitalist development process will have begun to narrow the gap, distributing more wealth to the country's poor. Plans for rapid infrastructural developments in the rural areas—involving roads, electrification, schools and health services—are all intended to speed this process.

Growth in 1980 is projected at 6.5 per cent, a figure based on the assumption that commodity prices must fall back from the high levels of 1979. Export growth is expected to slip to just 7.3 per cent this year.

To those who argue that Malaysia's wealth is the product of simple luck, Mr. Datuk Musa Hitam, Education Minister and a contender for prime ministership in the years to come, has a blunt answer: "What has happened in Malaysia is not just an accident. Our good luck is the product of farsightedness and planning.

"Many other countries have greater wealth in resources than we have but have never managed to exploit it. It is the quality of leadership and economic direction in this country that is the basic explanation for our success."

Such comments show a growing self-confidence among Malaysians. This in itself can do a great deal to keep the nation on a path towards rapid and self-sustaining economic growth.

David Dodwell

Central bank adheres to cheap money policy

MALAYSIA'S financial system has recently caught the eye of an almost incredulous international banking community for the gravity-defying act of its interest rates.

While other open market economy countries, including the financially important neighbours Singapore, Hong Kong and Bangkok, have been locked into a leap-frogging interest race started by American anti-inflation measures, Malaysia has calmly carried on with a prime rate of a mere 7.5 per cent. It has been at that level since mid-1977.

An upward adjustment must be considered on the cards in the fairly near future, unless, as seems unlikely, Euromarket rates fal las rapidly as they have risen, but Malaysia's rate is unlikely to be raised enough to bring it within striking distance of overseas rates. Currently, rates are on a par with Switzerland and as a result the Malaysian dollar, the Ringgit, is being referred to in some quarters as the Swis franc of Asia. The comparison is flattering to Malaysia, but the parallel is not exact.

The low interest rates have have not been a consequence of a very strong currency. The ringgit is firm but has shown only slight appreciation against a composite index of other currencies over the past two years.

In the face of a very large current account surplus it is seen as surprising that the currency has not done rather better, and used by the Central Bank to dampen imported inflation.

In fact, the bank's strategy has been very different: to retain a low interest rate structure to encourage private sector investment, provide continuing domestic financial stability and discourage inflationary expectations.

Balancing act

Low interest rates have enabled the Central Bank to keep a grip on the growth of money supply in the face of the large current surplus. Its balancing act has been successful so far. There appears to have been some—but not a flood—of capital outflow across the exchanges.

Some companies, especially those with close links in Singapore, have taken to funding more of their operations with cheap Malaysian borrowings and avoid Singapore dollars. Some export industries have delayed repatriation of earnings to take advantage of high overseas rates.

All these factors have helped to offset not just the current surplus and regular capital inflows, but also a surge of portfolio investment into Malaysian resource stocks, particularly from Britain following London's abolition of exchange control.

Government controls also play a significant part in insulating Malaysia from overseas interest rates. Though consent to export capital is readily given, the Central Bank keeps a close eye on what is happening and has ways of influencing banks or large companies which do not behave, so in this way can thwart any rush to repay expensive U.S. dollars with the low-interest Ringgit.

Malaysia's controls increasingly contrast with the policy in Singapore, which has now all but abolished exchange controls but in doing so has exposed its financial system to some gusty offshore winds.

For Malaysia a combination of natural flows and government controls should allow interest rates to be kept relatively very low in the short term. But in the longer run it is probably neither possible nor desirable that such a trade-orientated economy depart radically from international trends. Malaysia will be hoping that current world rates are a passing abberation.

The largest of Malaysia's capital exporters has been the Government corporation Petronas. It has held a large part of its net earnings offshore not at all to take advantage of higher interest rates, and only partly because it has some eventual heavy foreign currency capital commitments.

Petronas has done so primarily because the Bank Negara was anxious that it should not add to money supply growth or put too much upward pressure on the exchange rate. (Malaysia's overall balance of payments situation would justify a stronger Ringgit but that would hurt the incomes of the hundreds of thousands of people dependent directly on rubber, palm oil and tin prices.)

The Petronas overseas funds (totalling more than U.S.$1bn) provide an additional money and exchange rate regulatory tool for the Bank Negara, which effectively controls their disposition.

Even without their repatriation, Malaysia's net external reserve rose from Ringgit 6.8bn (U.S.$3bn) at the end of 1978 to Ringgit 8.6bn nine months later.

In spite of this surge, the Bank Negara succeeded in containing money supply (M1) growth in the latest 12-month period to 18 per cent, almost exactly the same rate as the previous year. The bank considers that level consistent with an 8 per cent growth in real GDP, a consumer price inflation rate of around 5 per cent and the continuing monetisation of the economy.

The bank still looks to M1 as its principal monetary indicator but M2 is growing very much faster. Fixed deposits, which constitute 55 per cent of total deposits, grew 36 per cent in the latest period and savings deposits by 23 per cent, giving an overall growth in commercial

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Long-term plan reaches halfway mark

BY THE END of this year, when the Third Malaysia Plan (1976-80) draws to a close, Malaysia will be exactly half way through its 20-year programme of social and economic restructuring known as the New Economic Policy (NEP).

The policy, instituted after the May 1969 riots, aims to end the identification of race with class and economic function through massive efforts to raise the socio-economic position of the Malay majority, bringing them into the mainstream of the modern economy.

Ministers are now trying to get a perspective of what has been achieved by the halfway mark, and what changes of policy or emphasis may be needed during the Fourth Plan to maintain the NEP's momentum.

By and large, they can consider that an immense amount has been achieved in terms of economic growth, physical construction and economic and educational advancement of Malays without dangerously alienating the non-Malays.

Favourable

But at least the more cautious Ministers and officials are aware that by and large the external environment have been highly favourable over the past decade. Though Malaysia does not lack continuing opportunities, it must be assumed that external conditions will be less favourable over the next five years than the last five.

Terms of trade have improved 35 per cent from their 1975 low and are above those of a decade ago. Adjusted for changes in export weightings they would be better still. More important, the huge rise in the price of Malaysian crude oil from little over U.S.$ 2 a barrel in 1970 to nearly $40 today coincided with an increase in production from 20,000 barrels a day in 1970 to 100,000 by 1975 and more than 300,000 today.

The main point about this oil wealth surge is not that it has transformed Malaysia into a rich but oil-dependent nation along the lines of, for example, Iran o rthe Gulf states. On the face of it, the main activities of people in Malaysia remains unaffected. The economic mainsprings remain the plantations, tin mining, a thriving internal trade, housing construction and consumer goods manufacture.

But oil, and to a lesser degree buoyant prices for other commodities which flow directly to revenue through export duties, are making possible muhc ofthe government spending which is providing the thrust to the NEP.

This is not going to stop overnight. Oil production is currently being restrained at below potential. And the size of oil income to being disguised to some extent by the fact that Petronas, the State oil company, is accumulating very large foreign exchange holdings offshore—more than $1m and probably still growing. Over the next few years, major new gas projects will come on stream, generating large new additional revenues for the Government.

However, the rate of growth of Government development spending must be expected to slow significantly compared with the past few years. Between 1971 and 1978 development spending rose by an average 23 per cent and recently has gathered even more momentum. It jumped from ringgit 8.1bn (£1.65bn) in 1976 to a targeted ringgit 17bn this year.

Even allowing for the fact that inflation in Malaysia is probably double the 4-5 per cent suggested by the consumer price index, the spending growth has been remarkable. The public sector as a whole (defined to include public corporations such as Malaysian Airline System but excluding the oil industry) increased its share of GDP from 22 per cent in 1973 to an estimated 31 per cent this year.

This is not exactly what was envisaged when the Third Malaysia Plan was formulated. Then, the Government envisaged a slowing of public sector growth compared with the second plan, looking instead to the private sector to be the prime engine of growth—notably through manufacturing.

However, a combination of a very sluggish private sector investment, especially in manufacturing, forced the Government to expand its own spending much faster than originally intended. Buoyant revenues from oil and commodity prices allowed it to do so safely. In the midterm review of the plan in early 1979, the development spending target was raised 73 per cent to Ringgit 32bn, though because of delays in implementation actual spending was expected to rise only about 35 per cent.

Impressive

The direction as well as the size of development spending is likely to be shifted in the coming plan. In recent years, the Government's achievement in terms of economic and social infrastructure have been impressive: schools, hospitals, roads, rural electrification and water supply. But these are creating a rising burden of recurrent expenditure to operate and maintain, a burden which is not yet fully apreciated as so many projects are not yet finished.

In the Fourth Plan, government is likely to want to direct more of its available capital resources to the productive sectors. Industry will be in the forefront.

If successful, the programme will mean not just a significant shift in the composition of GDP, but also in Malaysia's economic geography away from the plantation, tin and light industry-rich west coast of the peninsular to the east coast and east Malaysia.

Heavy industry would absorb large amounts of public sector capital, but it would also be expected to attract foreign private capital as joint venture partners. And as foreign loan finance presumably would be available, so the burden on the development budget might not be very large.

An additional benefit to the Government from such a capital-intensive strategy would be to provide a new way of rapidly increasing the Malay share of corporate capitals. The aim is that by 1990 Malays should own 30 per cent, other Malaysians 40 per cent and foreigners 30 per cent. But it is estimated that by 1978 the Malay share had reached only 10.3 per cent.

The foreign share had dropped from 62 per cent in 1970 to 46 per cent, but non-Bumiputra Malaysians had expanded their stake faster than Malays despite much bigger than planned injections of government money into agencies such as Perwas which acquires assets on behalf of the Malays. (Malay individual ownership of corporate capital was only 3.6 per cent in 1978.)

Much of the government money has gone to buying existing shares from foreigners. But with many of the plantations and tin sectors already Malaysianised the Bumiputra agencies may have to look increasingly to investing in big new projects if they are to maintain the momentum needed to reach NEP targets.

So it looks likely that some major projects will be taken up by government - funded Bumiputera agencies rather than by government corporations.

A clearing of the decks is already about to start. Pernas is expected soon to have to dispose of some of its investments, including the Malaysian Mining Corporation, to Permodalan Nasional, the Bumiputra investment fund established last year. Pernas thereby will acquire funds to invest in new industries. Permodalan Nasional is also expected to acquire the government shares in certain government-owned corporations, such as Bank Bumiputra and even the Malaysian Airlines System.

If the transfer of assets is to be a long-term success, a much higher rate of Bumiputra savings is needed. Malay progress in the unincorporated business sector has been fast; they now account for 17 per cent of bank loans compared with only 12 per cent four years ago and 25 per cent of finance company loans.

These figures better reflect their progress in the modern economy than the figures for individual share ownerships. However, the Government is concerned t their high propensity to consume and use of borrowings to finance purchases of consumer durables.

All in all the urban Bumiputras are making rapid strides in jobs, education and incomes. Their numbers are growing rapidly and now account for a third of the urban population. But the Government is concerned at the extent to which rural, which means mostly Malay, incomes are tending to fall behind urban ones.

Rubber and palm oil smallholders are estate workers have just about kept pace with average incomes in the past three years thanks to high commodity prices. But the already highly-subsidised rice farmers have fallen further behind. If commodity prices fall back while national income continues to rise on the back of oil wealth, the urban-rural gap could widen further. Meanwhile, if the Government is to use more of its own reseources to stimulate heavy industry, there may be relatively less money around for the infrastructure projects in rural areas which have created employment and boosted incomes.

Land is still far from scarce in Malaysia but the costs ofdevelopment are rising, both to keep up agriculture growth and rural incomes. The nation will need to look primarily to higher yields than rely on new land. Estate productivity growth has slowed after the great leap forward in the 1960s and early 1970s and raising smallholders productivity remains a difficult and expensive task.

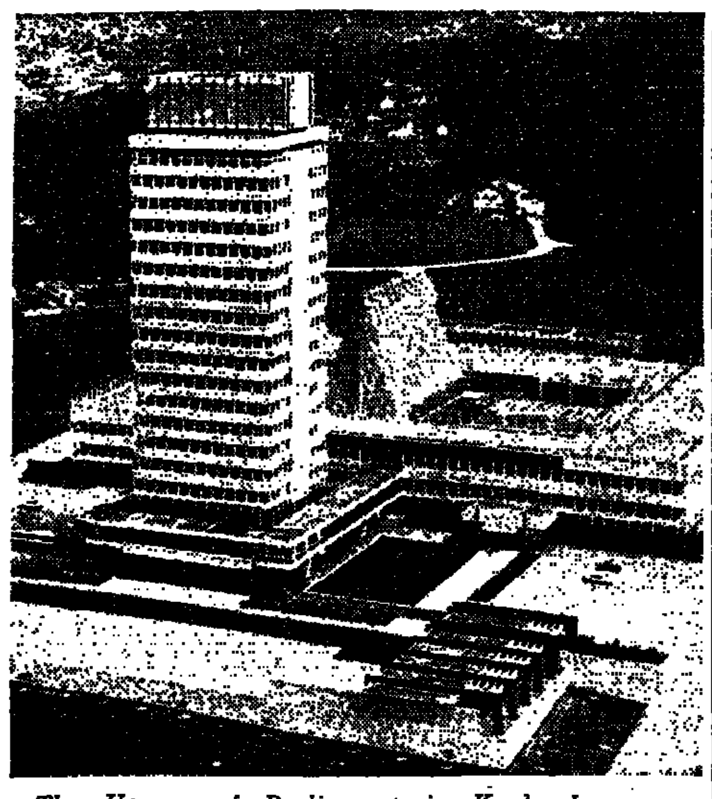
In the past few years the generation of employment has managed to keep just ahead of a labour force growth of 3.5 per cent thanks to new land schemes, rural works spending, a rapid growth of urban employment caused by buoyant commercial and construction sectors, and labour-intensive export industries — mostly electronics.

But all this will continue to be needed if the growth of a continuing high workforce is to be absorbed. Therefore there is still a need to stimulate private sector industrial investment by local entrepreneurs, and a need to continue to attract export - orientated labour-intensive industries.

Singapore's return to a high-wage strategy should help attract more multi-national industries into Malaysia. But worldwide worries about unemployment and protectionism do not augur well for the medium-term expansion of these industries.

In sum, the Fourth Plan should see continued rapid progress for the economy and for NEP goals. But a combination of less favourable commodity prices, the increased importance of energy and the continuing demands of the NEP may tend to widen existing gaps between old and new economic sectors, and between the State and the private sector.

Philip Bowring



The Houses of Parliament in Kuala Lumpur. Ministers are trying to gain a perspective on the economic plan's achievements

Cheap money

CONTINUED FROM PREVIOUS PAGE

bank deposits of 31 per cent. Finance company deposits grew at a similar rate—though they are still only about one-fifth the size of commercial bank deposits.

Overall lending growth has been slower, demands from trade and industry being little more than enough to take care of working capital requirements in an inflationary environment. The one big growth sector has been housing and construction —housing loans and real estate building loans rose nearly 35 per cent following roughly similar growth in the previous year. These now account for 22 per cent of total bank domestic loans and advances.

As a result housing is no longer setting a specific target for housing loans—but the Government is still looking to the banks to boost expansion of a property-owning middle class.

To protect the banks against the illiquid nature of mortgage lending over 15 years or more there is active discussion about the setting up of a corporation, involving all the main players in the financial market, to provide a rediscount market for mortgage loans.

For the moment housing loans are quite attractive for a banking system which mostly has been more liquid than it would like, even though mortgage rates are pegged to a modest 1.5 per cent over prime. But in tighter conditions there would be little incentive for mortgage lending on this basis.

Lending to Bumiputras remains the most important priority sector but owe where, again, avaibilty of money has helped to fulfil demand from non-traditional customers. Bank lending to Bumiputras is now comfortably over the current target of 17 per cent of total loans.

A more difficult target for the banks to reach is in lending to the food production sector—the aim is 6 per cent of total loans by the end of this year and 10 per cent by 1982.

The third lending target at present is that 20 per cent of loans go to small-scale businesses. The amount of Central Bank direction on lending, and general interference in business, continues to irk some bankers accustomed to a freer environment. It has also snagged the market in bankers' acceptances which was established in 1979 and grew rapidly until upset by some seemingly arbitrary action by the Central Bank. It rejected some paper rediscounting regardless of the name of the accepting bank.

Critics say that while Central Bank guidelines for the New Economic Policy (NEP) are one thing, paternalistic direction on other matters and the preference given to government-owned banks is not promoting efficiency in banking.

Most aggrieved are the foreign banks, which are unable to expand their branch networks. Hardest hit are those with a narrow deposit base but some big multi-national customers. While Malaysia's prime has been steady the cost of swaps they use to fund a large part of their loan portfolios has escalated horrendously. As a result they have bid up inter-bank rates so that one-week money, which was 4 to 5 per cent a year ago, has now hit 7 per cent, almost touching prime.

These banks have also had to make use of the latitude granted to the banks in late 1978 to set their own deposit rates. Some of the world's most important banks have found themselves having to bid 1 per cent or so above the deposit rates offered by small local banks.

However, the freedom of interest rates overall is still very limited. Priority sector lending rates are fixed directly, and in practice prime has proved inflexible.

Commercial banks face a modest amount of competition from finance companies and also from merchant banks which since last year have been allowed to take large-size corporate deposits.

In general the Bank Negara is trying to push merchant banks into fee-based activity rather than straight lending. However, of the 12 merchant banks, a small group has so far succeeded in capturing the lion's share of the fee-earning corporate finance, underwriting and portfolio management business. Others may be hard pressed to reach the 30 per cent fee-based earnings target set by the Bank Negara. Mergers between merchant banks are a possibility.

Philip Bowring

Commodities enjoying a record spell

MALAYSIA IS enjoying a commodity boom *unprecedented* since the Korean war.

Rubber prices have moved steadily upwards for the past five years and last year's prices were twice as high as those in 1975. Prices have shot up even higher this year, breaking the Ringgit 4 (81p) a pound mark at one stage.

Prices of palm oil have remained highly lucrative, while timber prices, though volatile, are on the high side.

But the commodity boom has also sharpened disparities between the rubber and palm oil growers and the padi planters, whose earnings were badly affected by drought. Last February 10,000 Malay farmers rioted in Alor Star, capital of the rice-growing state of Kedah, to draw attention to their plight.

Thanks to OPEC and its price rises, synthetic rubber is no *longer a threat* to the natural product. Instead of the "replant or die" slogan of the late 50s and the 60s, which urged planters to switch to high-yield trees to beat off the threat from synthetics, Malaysia is now *launching its "dynamic production policy,"* aimed at maintaining the country's lead as a rubber producer.

Rubber production has been stagnant at around 1.7m tonnes for the past four years, partly because of drought, but largely due to the rapid conversion by plantations of rubber estates to oil palm. Oil palm gives a much higher return. According to Mr. Paul Leong, Minister of Primary *Industries, the pre-tax profit* for rubber per acre per year is around Ringgit 250-300, while oil palm gives a return two or two and a half times more.

The Government cannot prevent plantations and even smallholders from shifting from rubber to oil palm, but it has taken several important steps to narrow the financial returns between the two crops. A significant move was the restructuring *of the export duty* on commodities in last October's Budget in which the duty on rubber was substantially reduced.

Government land schemes are now adopting a more balanced rubber-oil palm ratio, while the "dynamic production policy" announced last year required the Rubber Industry Smallholders Development Authority (RISDA) to boost small holders' output through the faster introduction of *high* yield trees and modern technology.

Among the private plantations, there appears to be some rethinking over plans to convert to oil palm as rubber regains attravtiveness. But boosting output above 4 per cent a year, would, in the longer run, require more *land*, which is getting scarce.

Palm oil which has been the star performer in the agriculture section in the 1970s, is still expanding rapidly, though not as phenomenally as in the past. Although the planting rate has slowed, production is surging ahead as planted areas come under harvesting current production of 2m tonnes is expected to double by 1985.

There is therefore the vital need to find new markets. With the rapid increase in soyabean output in the U.S., Malaysia palm o ilexporters are unlikely to regain the share of the U.S. market they used to have, particularly when they switched so rapidly away from the U.S. to India.

The Indian market remains the biggest for Malaysian palm oil, but because Indian buying *policy* can be *subjected* to quite radical shifts, Malaysians are looking for other markets as well.

The Middle East and China are potentially very large markets, although in the case of the former, the lack of shipping and business rapport are problems *to be tackled first.*

Last year, China bought its first shipment of refined Malaysian palm oil and Mr. Leong will be leading a commodities mission to China later this month and hopes to penetrate the Chinese market further.

Returns

Cocoa is fast becoming Malaysia's third export crop. Cocoa prices have fallen, but the returns are still better than oil palm and far more attractive than rubber. Most plantations are setting aside land for cocoa cultivation.

The Government's land agency, FELDA, sees cocoa as a crop that may ease the land shortage. Five acres of cocoa give a better living to a settler and his family than 10 acres of rubber.

Malaysia produces about 1.5 per cent of the world's cocoa, but wthin 10 years it should become a major producer. Last year, cocoa replaced pepper as Malaysia's third export crop although its value (160m Ringgit) may be insignificant compared with earnings from rubber and palm oil.

The soft underbelly of *Malaysia's agriculture is the* rice growing industry.

Even at the best of times, padi cultivation is barely a profitable occupation because farming plots are too small. Most farmers own less than five acres, and about half have less than three acres.

Malaysian padi farmers are also very high-cost producers. But as a strategic policy, the Government wants the country to move towards near self-sufficiency. Currently, Malaysia is 85 per cent self-sufficient, producing about 1.4m tonnes of rice.

The authorities are faced with the dilemma of paying high subsidies *for* padi farmers, and keeping the rice price stable for consumers. This dilemma was partly the cause of last February's rice riot.

Private rice millers, many of whom are Chinese, have to buy padi from farmers for milling, at or above the Government's guaranteed minimum price, but have to sell rice at prices fixed five years ago. Because of rising costs, particularly of fuel, many rice mills are hardly profitable.

Last year, when the Government increased the padi price by Ringgit 2 per picul, the millers refused to buy, forcing farmers to unload their crop to the Government's padi an rice authority. The authority lost millions of dollars because it did not have sufficient milling capacity and padi rotted in wet weather.

As a result, the Government introduced the coupon system of subsidy, enabling both farmers to get more money and millers to recover it from the Government. But confusion surrounding the coupon system sparked off the march by farmers to Alor Star.

Wong Sulong

Launch day nears for new exchange

IN JULY or August Malaysia will launch its commodities exchange, as the first step in its plans to make Kuala Lumpur a major commodity trading centre.

The plan is a bold and far-sighted move, but the authorities *cannot be faulted for* moving too fast. If anything, the Malaysians have been cautious. Realising that the initial response to the Kuala Lumpur Commodities Exchange is crucial, psychologically, they have taken great pains to ensure that everything will run smoothly from the launch day.

Initially, the exchange will deal only in palm oil futures. Trading, in lots of 25 tonnes each in Malaysian currency, will be on a month-to-month basis, but after a while futures quotations will be bi-monthly.

Trading will be on the "open cry" system, but secrecy in trading positions will be upheld.

Apart from the exchange, the Commodities Trading Bill, which is being pushed through *all its* stages in the current parliament session, will provide for a commodities trading council and a clearing house.

Equity of the clearing house will be held 30 per cent by the international commodities clearing house of Sydney, while Malaysian banks, including foreign-incorporated banks will hold 70 per cent.

Margins for trading to be imposed by the clearing house have not been decided. It will probably be between five and ten per cent of the contracted price.

To give a good start to trading, costs are being kept low. *A trader will* pay charges of about U.S.$3.2 per tonne of palm oil on a roundturn contract (purchasing and liquidation) compared with $4.65 on the Chicago exchange.

Share markets buoyant

SECURITIES ON the Kuala Lumpur Stock Exchange are undergoing a period of consolidation after a buoyant performance last year.

Following an almost uninterrupted four-month surge, which spilled over to January and February, and which took stocks almost to their peak levels of the 1973 boom, the market eased last month to account for technical correction.

Analysts believe the market will consolidate for another two to three months—maybe longer—considering the spate of dampening news from the internationa lscene in the form of high interest rates, recession in the U.S. and Britain and a politically-troubled situation in the region as a whole.

But the Malaysian and Singapore economies remain very strong. After a real growth of 8.5 per cent last year, *Malaysia's economy is expected to grow* by 7.5 per cent this year.

Singapore's growth is expected to be slightly higher. Analysts therefore see a good year ahead for Malaysian stocks.

In 1979, the star performer was plantation stocks, particularly those with a high rubber base. Starting on an index of 447 in January, the Kuala Lumpur Stock Exchange's dollar rubber index moved rapidly to reach 625 points at the end of December, a 40 per cent jump.

Attraction

Rubber shares were also actively traded, buoyed by both local and overseas demand. Popular issues such as Kuala Lumpur-Kepong, Dunlop Estate, Guthrie Ropel, Highlands and Lowlands and Malakoff, put on hefty gains.

Over the past two years, rubber shares have gained a new attraction based on the boom in rubber prices. Investors see a bright future ahead for rubber because of the increases in oil prices.

Interest is also fuelled by the insatiable demand by Malaysian acquisitionists for plantations, whose values have risen substantially.

Rubber estates, which used to be valued at Ringgit 3,000 per *acre a year ago, are* now fetching between 5,000 and 6,000, and in some instances as much as Ringgit 10,000 per acre.

Property stocks also did very well, thanks to the tremendous demand for residential homes, and the high building *activity*. The Kuala Lumpur Stock Exchange's property index rose from 256 to 350 points during last year, an increase of 37 per cent.

Industrials, finance, hotels, and tin shares all registered solid gains, ranging from 23 to 28 per cent.

● On the whole volume traded in 1979 was 637m units valued at Ringgit 1,641m, compared with 1,107m units valued at Ringgit 2,539m in 1978.

The lower volume traded, despite the higher prices, was largely due to few speculative factors in 1979, and partly because much of the pent-up buying build up since 1973 had been exhausted by 1978.

To comply with Government policy of encouraging Bumiputra (Malay ownership of securities) the corporate sector continued to make special issues to the Bumiputra community at discounted prices.

During the year, Batu Kawan issued 15m shares, Oriental Holdings 20m and United Motor Works 8 m units. These issues were sold at Ringgit 53.7m. Their present market value is more than Ringgit 120m.

Since mid-1978 there has been a considerable inflow of foreign funds, particularly from British institutions, into the Malaysian (and Singapore) stock market, reversing the past selling trend.

Foreign interest in Malaysian securities arose from the realisation that Malaysia is likely to enjoy rapid economic growth within a stable political framework in the years ahead.

The new economic policy is now viewed in a different light. With Malaysian corporations scrambling to acquire estates, existing foreign-owned estates have gained added attraction. But for the Malaysianisation policy, they would not have chalked up such impressive values.

The ending of Britain's foreign exchange controls last November also provided a strong incentive for major British fund managers to travel to the Far East scouting for high yield securities.

In Malaysia, their attention is focussed on plantation and tin stocks (traditional British areas of investment) with some spill-over to industrials with good track records and potential.

Wong Sulong

Prosperous future for the tin industry

THE MALAYSIAN tin industry has entered the new decade in a much more prosperous and optimistic spirit than for several years. Prices are very firm, the Govenment has been showing a more sympathetic attitude to its tax position, long-delayed major projects now look on the point of getting off the ground, and the industry's leader, the Malaysian Mining Corporation, is making its mark in international marketing as well as production of the metal.

The year 1979 saw the second successive year of production upturn after a persistent decline since 1972's record 75,000-tonne level. Output advanced 1,500 tonnes to 64,000 tonnes as higher prices encouraged gravel pump miners — who still account for about 50 per cent of production — to mine hitherto uneconomic deposits.

This process may continue in the current year because prices have continued to move upwards. Indeed, it is a credit to the fundamental soundness of the tin market that the metal was only peripherally involved in the monumental boom and bust that hit the world metal markets at the beginning of this year. The price is now hovering around the Ringgit 2,500 a picul level, an increase of about 12 per cent on the average price for the whole of 1979.

Tax changes

However, the latest price rise will not necessarily have a significant impact on gravel pump production, responsive though that can be to price. The reason is the export tax changes in October's Budget which have the effect of partially protecting producers against a price downturn and giving them more certainty about future stability or the price, net of tax, they receive for their tin.

However, the operation of the revamped sliding scale export duty is such that at a price of more than Ringgit 2,225 a picul, the tax is now heavier than under the old, less progressive, system. At the time of the Budget, the Treasury estimated that on the basis of an average price of Ringgit 1,750 a picul the tax concession was worth Ringgit 152m a year to the industry. But the price has since been well above that level.

However, the new scale eases the export tax burden when prices are in the low to middle range. The Government has also undertaken to adjust the base of its tax scale from time to time to take account of increases in producion cost. These have been rising fast, particularly for the energy-intensive pump miners.

The industry itself claims that the average cost of production for gravel pump miners is now about Ringgit 1,850 per picul, an increase of about 25 per cent in a year. As a result of this, and of the increase in the International Tin Council floor price from Ringgit 1,500 to Ringgit 1,650 in March, it is expected that adjustment of the export tax base will be made sometime this year.

Also in the Budget, came an increase in the top marginal rate of tin profits tax from 12.5 to 15 per cent. This is not very significant in money terms but further reflects the desire of the Government, following the advice of the industry itself, to place more emphasis on tax on profits and less on tax on production. In sum, the tax changes and commitment to regular reviews of costs, in conjunction with firm prices, achieve three principal goals:

- They enable an immediate rise in gravel pump production from lower grade areas;
- They enable dredge miners to lower their cut-off grades, and to consider re-dredging old formerly worked areas;
- And they encourage more long-term investment in new capacity.

States' rights over land, which have resulted in state/federal government squabbles and much jockeying for wealth and position, remain an obstacle to new developments. However, the situation is brightening, even in Selangor which with Perak is the main producer.

Selangor has an especially hard-to-handle state government which has made life very difficult for the Malaysia Mining Corporation. There were particular problems over renewal of existing leases in the state. But these are being resolved on a case-by-case basis.

Berjuntai, which was the first company to run into major problems with the state government over renewals, has now gone into a cooperative venture with it to build a dredge to develop a new property.

Most important of all, however, is the likelihood that after years of delay the huge Kuala Langat deposit will finally get the go-ahead this year, enabling it to start operations by 1984 with at least one dredge, and probably building up to three.

Kuala Langat was discovered by Charter Consolidated, which originally had an agreement with the Selangor state government agency PKNS to develop it on a 55-45 ownership split. But that fell through with the fall of the former Selangor Chief Minister, Datuk Harum, in 1975. Ever since, there has been argument involving the state, Charter and the MMC group—Charter's other interest in Malaysian tin having meanwhile been merged into MMC.

The likelihood now is that MMC will end up with 35 per cent, giving Charter an effective 10 per cent only. But Charter and MMC's main concern now is to get on with the project. Detailed feasability studies have yet to be carried out but there is a proven high-grade deposit at a depth of between 50 and 150 feet. On the basis of an operation using three large dredges, investment is expected to be between Ringgit 150m and 200m.

Quite what Kuala Langat will add to Malaysia's overall production is difficult to tell. MMC for its part estimates that its own production should rise by 2,000 tons a year to about 16,000 excluding Kuala Lamgat.

Generally in dredging, new areas are being opened up while the life of some existing areas is being extended by higher prices. However, in the medium to longer term, gravel pump production is likely to decline as areas are worked out and new leases are granted to dredge miners rather more than to the small-scale pump operators than whose costs are now much higher than those of the dredgers.

Exploration

More effort is now being put into new exploration than for several years. MMC group has a five-year exploration programme involving the spending of about Ringgit 5m a year. MMC has agreements with Kelantan, Perak, Johore and Negri. Sembilan to prospect for minerals on the basis that the state would be entitled to a 51 per cent stake in any ventures which came to fruition.

Foreign companies are also active, notably Conzinc Rio Tinto in Pahang.

For the foreseeable future, Malaysia's tin output will continue to be mainly from alluvial deposits. But there is growing interest, including an interest by Mr. Paul Leong, Primary Industries Minister, in encouraging mining of primary deposits, whether open cast or underground.

Mining of primary ore usually requires very much higher capital expenditure, and thus greater exposure to commodity price swings, than alluvial tin. The Government may consider providing special incentive for foreign investment in non-alluvial tin and base metal mining, perhaps by enforcing the 70 per cent local ownership requirement only after the foreign investor had recovered his initial capital. Local companies mostly do not have either the capital or know-how for big mining projects other than alluvial tin.

Malaysia is not actually thinking in terms of major long-term increases in tin production. New discoveries will be needed to sustain production at current levels.

In the short term, the strength of the tin price is to a large extent underpinned by the fact that it would need a serious recession of production and consumption to get badly out of balance. There is no spare capacity in sight and Malaysia has the advantage of being a relatively low-cost producer.

In the longer term, says the industry, the price should be underpinned by the finite extent of deposits currently known. Malaysians also believe that the market should be able to absorb some release from the U.S. stockpile without too much difficulty as user stocks are low unless sales coincide with a recession.

Meanwhile, MMC believes it is due a little of the credit for the tin price strength. A year ago it withdrew its tin from the Penang market and started marketing it directly through a joint venture arrangement with Anglo-Chemical, a subsidiary of Phillip Brothers, the Engelhart Group metals trader.

MMC thinks this helped both to push up the Penang price, and enable it to obtain better prices by direct sale to consumers.

Further changes in tin marketing and pricing systems, which will certainly affect Penang and probably London as well, will come about when the proposed Kuala Lumpur commodities exchange starts to trade in tin futures.

Philip Bowring

Chinese workers use wooden dishes to clean tin ore from the tailings of a mine

Output high, but investment slackens

PRIVATE MANUFACTURING investment has been in general terms the biggest disappointment as far as performance during the Third Malaysia Plan is concerned. However, that could be because the goals were set very high. In fact, manufacturing output has kept roughly in touch with original goals, even if investment has not.

There are various reasons for this.

Firstly, original projections seem to have been based on the unusually rapid rate of increase in manufacturing investment in the early years of the 1970s, when both import replacement and some export industries such as textiles and electronics boomed.

That surge resulted in the installation of a large amount of excess capacity in some industries. In the past three years manufacturing in general has maintained a high rate of output growth without necessarily needing major new investment in plant.

The oil and commodity price induced boom in consumer spending, and house building in particular, has caused a surge in output in some industries, and exports have been very strong. The weakness of the situation, however, is that there has not been as much broadening of the industrial structure—the arrival of totally new industries that had been hoped for.

It is widely claimed that the Industrial Co-ordination Act, giving the Government wide powers of intervention, has stifled entrepreneurial initiative and that despite amendments, the Act still casts a shadow.

There is some validity in the argument, but a more important cause of investment slackness is that the broadening of the manufacturing base requires new skills, and sometimes volumes of capital, often not available to local entrepreneurs. Meanwhile, the still small size of the domestic market does not present a major attraction for foreign investors.

That at any rate is the view of the Government, which intends to involve itself in a major way in ambitious and capital intensive industrial projects such as aluminium, cement, steel and petrochemicals. It is also encouraging agencies such as Pernas to move into joint ventures with foreign companies in the middle level engineering industries. Meanwhile, companies such as Malaywata Steel, in which both Pernas and the Japanese are involved, are embarking on big expansion programmes.

According to figures from the Malaysian Industrial Development Authority (MIDA) the tempo of manufacturing investment has been rising satisfactorily. In 1979, MIDA received 575 applications for new plants or plant expansions compared with 492 the year before. Total proposed capital involved came to4.8bn ringgit. Even after stripping out Ringgit 8.6bn attributable to the Biwtulu LWG liquefaction facility, this was a significant advance in real terms on 1978.

Main impetus

More encouraging in many ways was the big rise in the employment creation expected from the new proposals: it totalled 53,000 in the previous year. The main impetus has come from the electronics industry. Most of the big multinational semi conductor and electronics firms already have a facility in Malaysia and many of them are expanding their operations very rapidly to meet buoyant world demand.

Though the amount of capital involved is quite small—a total of Ringgit 215m, the job creation is expected to amount to almost 20.000 — double the increase of the previous year and representing 40 per cent of all potential employment created by MIDA-approved projects last year.

Textiles continues to be an apparently good growth area despite increasing restraints in foreign markets. Less buoyant were applications in the food industry, which accounts for 16 per cent of total manufacturing output. Proposed investments fell from Ringgit 283m to Ringgit 17 m and employment creation from 4,600 to 2,400.

Other promising sectors were wood products and rubber products—both industries which are quite labour intensive and also use local raw materials.

Meanwhile, actual manufacturing output last year was provisionally estimated to have risen by 10 per cent, in line with the two previous years. The lead was taken by the construction material sector responding to the building boom. It rose 25 per cent compared with 20 per cent the previous year with steel the fastest grower.

Food products growth was slow—4.5 per cent—but there was a 19 per cent rise in turnout of processed estate products.

Although only a relatively small proportion of manufactures is exported, manufacturing exports have been growing very much faster than overall production. Last year they rose 20 per cent following a 36 per cent increase the previous year. Electronics was again the leader and now accounts for some 45 per cent of manufactured exports. The next largest export group is texetiles and clothing at 13 per cent. This year may see tougher times for textiles but electronics growth is assured by plant expansions approved in 1979.

The the export figures look good in the statistics, and employ a large amount of unskilled labour without absorbing much capital, they generally have a low value added and few linkages into the rest of the economy.

They are a useful addition to output but do not reflect any significant change in the structure of the economy or form much of a basis for continuing industrialisation.

The longer term future of Malaysia's industrialisation objectives lies in how successfully it uses the heavy industries it will build on the back of its gas deposits, and from these develop the vital skill-intensive industries which lie between the consumer and assembly industries Malaysia has now and the basic products industries it is planning.

Philip Bowring

Emphasis on conservation of oil and gas

STARTING ALMOST from scratch five years ago with the formation of its own national oil company, Petronas, Malaysia, is now moving boldly in the oil industry. It says it is too small to join OPEC, but keeps good lines of contacts with Moslem oil states.

Dr. Mahathir, the Deputy Prime Minister, said recently that Malaysia may not be so small after all in its endowments of oil and gas. Dr. Mahathir confirmed Malaysia has two of *the world's biggest natural gas* reserves—one off Sarawak in East Malaysia, the other off Trengganu on the east coast of the Malaysian Peninsula.

All along, Petronas and Exxon, which operates the Trengganu contract area, have been secretive about the Trengganu reserves, reluctantly admitting they are commercially viable when pressed. But according to Dr. Mahathir, they are even bigger than the Sarawak reserves, which are considered to be among the world's biggest.

Petronas always goes to great lengths in reminding Malaysians that the country has only 1bn barrels of oil reserves, which would be exhausted in 10 years at the current rate of production. Yet it is talking of 20-30 year plans and foreign oil executives say the Petronas claim is very conservative.

Imagination

Virtually every hole that Exxon (through its subsidiary, *Production Malaysia Inc.*) has drilled in Trengganu has hit either oil or gas, while Shell in Sabah and Sarawak claims a higher rate of success in its drilling than in most parts of the world.

Petronas' policy to maintain a low profile is understandable. It does not want to fire the imagination of Malaysians of oil and gas bonanzas. There are no lack of examples of fires of discontent and destruction emanating from oil wealth, and Petronas wants to avoid pressure from foreign oil companies to exploit the reserves quickly.

"Oil conservation to obtain maximum benefit for the people *for as long as possible*" is the Petronas motto. "If the foreign companies have their way, Malaysia would be now producing over half a million barrels a day, instead of 317,000," says a Petronas official.

This is done through a slower work programme, and requiring companies to maintain a less wasteful gas/oil production ratio.

A fight is building up over the production sharing agreements Petronas signed with Esso Production Malaysia Inc and Shell. When these were signed in late 1976, Malaysian crude was selling for US$ 12 a barrel. Now it is fetching nearly US$ 40.

The foreign oil companies get 41 per cent of the oil produced. *At the same time*, the oil companies, through thir marketing arms, import Middle East crude, refine it and sell it in Malaysia at market prices.

Malaysia feels it is losing hundreds of millions of dollars both ways. The Malaysian Government cannot slap a tax on the oil companies to siphon off excess profits because the production sharing agreements contain a clause forbidding any changes affecting their share of the oil. But Malaysia is selling them they must return some of the excess *earnings* if they want a cordial relationship.

Work is going full steam to develop the gas reserves off Sarawak. Malaysia LNG, the *joint company of Petronas* (65 per cent), Shell (17.5) and Mitsubishi (17.5), recently signed a U.S.$550m load to finance part of the costs of the U.S.$1bn liquid natural gas plant at Bintulu. Site clearing has been completed and contracts for the plant have been awarded.

Shell has also obtained a U.S.$300m loan from 15 major banks to finance construction of undersea pipes and other facilities to bring the gas to Bintulu.

Malaysia LNG has signed up *a* contract with three Japanese utility companies to supply 6m tonnes of LNG annually for 20 years, starting from January 1983.

The Sarawak gas reserves have a commercial life of 40 years, and *apart from the gas* contracted for Japan, the Government is planning to use the gas for other purposes, including feeding a giant aluminium smelter which the American Reynolds company is interested in building at Bintulu.

Market value

Pricing is the problem. The Government is prepared to sell cheap gas for the smelter. Shell, naturally, wants a price that is closer to its market value. The gas would also be used to pay for the Malaysia Association of South East Asian Nations (ASEAN) urea project that will be built in Bintulu.

According to Dr Mahathir, the Trengganu gas reserves are expected to have a commercial life of at least 70 years. No decision has been made on what to do with the gas, but part of it would be used as a base for a petro-chemical complex that Petronas is building in Trengganu.

Partly as a policy to participate in downstream activities, and partly to break the monopoly of the foreign companies, Petronas will be going into the retail side of the oil business in *a big way. At present, it has* several stations selling diesel and kerosene, but from next year it will sell its own brand of petrol and expand its retail outlets.

Oil has now replaced rubber as Malaysia's top export. Revenue from oil exports this year is expected to be around US$3.6bn.

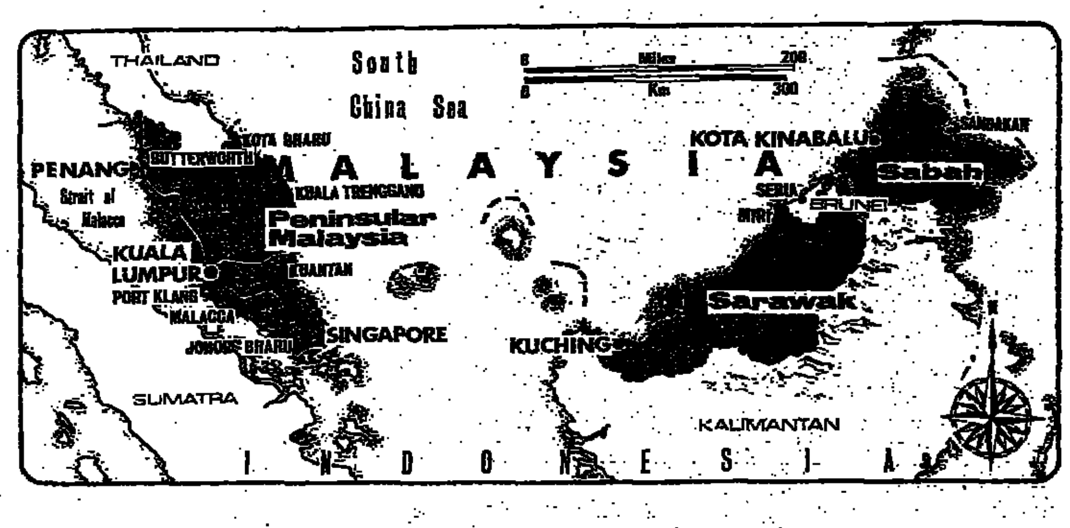
Malaysia sells most of its premium light crude to Japan and the U.S., and imports heavy Middle East crude for its own use.

The supply of Middle East crude is in the hands of the foreign companies. Malaysia wants to cut this dependence. *It has recently reached a deal* with Kuwait to swap Malaysian light for Kuwait crude, initially at between 5,000 and 10,000 barrels daily. Petronas will refine this crude and market it through its own outlets.

Malaysia is also using oil diplomacy to shore up Thailand's resilience as a frontline state in checking Communist expansionism.

Within its own limitations, it has responded quickly to relieve the oil shortage in Thailand by supplying diesel and oil last year. *This year it* is selling 360,000 tonnes of crude to the Thais at market prices.

Wong Sulong



Outcry over UK rise in education fees

WHEN LAST year the British Government announced a huge rise in fees for overseas students at British universities, it had no particular reason to consider the impact of its move on the racial politics of Malaysia.

But it is symptomatic of the influence of the English language, of the developing world's thirst for education and of an insular British blindness *to the p[illegible] of its* custodianship of English that the move caused an outcry in Malaysia.

Education is at the heart of *Malaysia's new economic policy* of racial restructuring. And within that policy the question of access to university education is one of the most controversial subjects. Another is language.

Education is critical because the Malays see it as the essential way to enhance their role in the modern economy, to leave behind their traditional assumed role of farmers living a gentlemanly but impoverished existence in a well-ordered yet static feudal society and compete with the Indians as lawyers and the Chinese as doctors and engineers.

For the Chinese higher education is the perceived way to success in a fast-growing economy creating demand for professional skills but in which their traditional role as businessmen is being challenged by two factors: enforced advancement of Malays, and the fact that business is tending to get bigger and thus the single-family business does not necessarily present the same opportunities as in the past.

Because there is a finite quantity of *higher* education it is a very sensitive issue. To give commercial advantages to *Malays only indirectly deprives* non-Malays. But with university education the deprivation is instantly identifiable. In pursuit of the National Economic Plan (NEP) *goals*, the Government has given massive preference to Malays in entry to sixth forms and universities. But it has not stood in the way of those parents who can afford to send their children to overseas universities. Hence the importance of Britain. This has served as an outlet for middle-class non-Malays whose children have been frustrated by NEP preferences.

In 1978 about 17,500 Malaysians were doing degree courses overseas, of whom only about 20 per cent were Malays (of whom a large number were on government scholarships). The number overseas compared with degree enrolment in Malaysia itself of 18,000. *If secondary* school and technical college students are included there were more than 40,000 Malaysians studying abroad.

Overall Britain accounts for about 40 per cent. But a combination of the higher fees and increased living costs due to inflation and the strong pound could thwart many families' goals.

Many may be able to find cheaper alternatives in the U.S., Canada, New Zealand or elsewhere. The economic and social *returns in Malaysia from a good* higher education are still very high so families are prepared to save hard to make the investment. But there is no doubt that the British move has caused a lot of heart-searching and may result in the Malaysian Government itself having to raise its own targets for expansion of higher education.

Frustrations

Numbers of degree students have risen 40 per cent during the Third Plan (1976-80) and a similar rate of increase is believed to have been projected for the Fourth Plan. Increased total access to higher education should relieve some of the strains on non-Malays, but there is no question of making higher education an absolute right for those reaching a certain level. And so long as *both selectivity and the NEP* continue, so will the frustrations of the non-Malays.

Why the Malays need to give themselves an advantage is clear enough. At the time of Independence, Malays constituted only about 10 per cent of university enrolment — mostly sons of the Malay feudal elite. When the NEP was initiated 10 years ago, *Malay intake had* risen to 39 per cent, a big improvement but far from sufficient if Malays were to expand really their share of higher education.

By setting different cut-off points for Malays and non-Malays for entry into sixth forms and universities, Malay *enrolment had reached* 57 per cent by 1975 ad 64 per cent by 1978.

Furthermore, the preference given to Malays, at least rela*tive to their examination* performance, has been most marked in degree courses which carry particular prestige, such as medicine.

A related problem *facing* many non-Malays (and some Malay parents and students) is the question of language. Many are worried that the gradual *move to all-Malay language* teaching at secondary and university level, which should be completed by 1984, will lead to a rapid decline in ability in *English which will hinder their* chances of studying overseas.

Some also claim that the move to universal use of Malay is lowering standards through the use of inadequate textbooks and a decline in links with foreign universities. Some parents have responded by sending their children to secondary schools in Singapore, Britain or India, or into one of the international schools *in Kuala Lumpur*, which are supposed to be for expatriates but have large Malaysian enrolments. But the problem with this solution is that it could cut off students from Malaysia and deprive them of the command of Malay needed for advancement in their home country.

Acute question

The question is becoming *acute as the use of English* at higher school certificate level is phased out. Though English and Chinese as well as Malay secondary schools will continue to carry on (as will Tamil schools at the primary level), only the specific vernacular will be taught in that language. All other teaching and examinations will be in Malay.

In general, the Government's language policy has been successful and except at the higher education level is no longer a *matter of debate. Increasing* understanding of Malay is evidenced by newspaper sales. Last year the circulation of the English-language New Straits Times rose only 4 per cent, while that of its Malay sister paper Berita Harian went up by 20 per cent.

While non-Malays are worried *about the supremacy of Malay*, many Malays are worried about the decline in English, especially among Malays. Special programmes are being launched to reverse this trend.

Higher education remains a hot political issue, but mainly among the middle class. Meanwhile, the Government is con*centrating its efforts for the* future on vocational and technical education in an attempt to link education more closely to the future needs of the economy.

For the Fourth Plan, five new polytechnics are planned and many new vocational schools. Further, if a Cabinet committee report is accepted, every child will given right of access to upper secondary education, whether academic or vocational, up to the age of 17 rather than 25 at present.

Education is not a matter just of racial relations. It is evidence of the Government's keenness to develop the economy in general, and bring about a social revolution among the Malays.

Philip Bowring

How to survive in hospital: by IAN DAVIDSON

The day I kissed the wrong nurse

Dear Michael,

You may find that the shock of being knocked off your motorbike lasts an extraordinarily long time. But now that you have come round from the anaesthetic, and are lying, relatively comfortably, in your hospital bed with that steel pin through your tibia, you may well be wondering how you are going to pass the next weeks. My own experience may not be typical, but some of it may be worth passing on.

You will of course have as large and varied a supply of books around your bed as Sister will allow. Apart from these, you must procure a decent cassette radio. Headphones are vital. They will enable you to listen after lights out, and this may prove very helpful in getting to sleep. During my first month in hospital I only got five proper nights' sleep; partly the result of inactivity, I suppose, but also partly a residual symptom of shock; I didn't solve the problem until I started sending myself to sleep with a favourite cassette. The important thing is to choose a cassette with an indestructibly beautiful piece of music, and to listen to the same cassette every night. I settled for a cassette with two Mozart piano concertos. It never bored me, even after another 30 nights, and I always fell asleep before the first concerto finished.

The other reason for having headphones is that most of the other patients won't; not only will they not tolerate your classical music, but they will also drown it with Capital Radio, which they tend to prefer to play, very loud, for the benefit of their neighbours. Even with headphones, difficulties may still arise. One evening I was trying to listen to a concert on the radio, against the noise of three TV sets and five transistors, all playing *fortissimo* on different stations. At last I could stand it no longer and bellowed: "Does anyone want to hear some Brahms?"

I had noticed, earlier, a bearded fellow at the end of the ward, holding a tiny "tranny" jammed against his ear. He gave a plaintive croak of "yes."—"So you shall," I roared, ripping out the headphone jack and turning up my radio to maximum volume. The effect was instantaneous. The duty staff nurse rushed out of her cubicle to screech: "Are you shouting at me?"—"No!" I yelled, "I'm shouting at *them!*" Hurriedly she got all the sets down to a modest *forte*, and I returned to the concert. From that day on a young Scotsman who had been badly knocked about in a car crash, and whose behaviour had been egocentric in the extreme, would always appeal to me as the arbiter of his TV volume. "Not too loud, Ian?"—"No, Jock, that's fine."

First rule

Jock's problem, apart from his injuries, was that he could not get onto any kind of terms with the nursing staff, as if his presence in the ward was a tiresome aberration which could be put right by demanding to see some anonymous person in authority. "Madam!" he would call out, "Madam, I want to see a doctor!" The first rule in hospital, is to call all the nurses by their first name. This is, of course, quite against the regulations, and some officious staff nurse may rebuke you: "There is no such person as Susan here! Do you mean Nurse Briggs?" Pay no attention. While waiting around for an emergency to happen, Nurse Briggs, who is, after all, only 20, would really prefer to be called Susan.

Anyway, early one morning, in the quiet interregnum between the night and the day shift, Jock suddenly called out "Susan?" I told him that she hadn't come on duty yet. Perhaps Jock was starting to get better.

On the treatment side, you will notice that the nurses never refer to "brain damage." The term used is "head injury," and with good reason. Several of the patients in my ward behaved in a peculiar way; one was known as "the phantom telephonist" because he held long conversations on the trolley phone, though he had put no money in, and the thing was not even connected to a socket.

Some of the patients could not be operated on for their smashed limbs until their heads began to get better, and that was very painful to witness. Sooner or later, however, all these recovered.

I often speculated silently how the nurses handled problems of crisis, transitoriness, and death. I never found out. One day a man with severe arthritis was put in the bed next to me. He was 76, and had come to get an artificial hip joint. When he came back from the operating theatre the nurses went through the routine of bringing him round, and taking his blood pressure.

Then, suddenly and quietly, they drew the curtains round his bed, and the Australian staff nurse on duty began to rap out, calmly and cheerfully, orders to the junior nurses: whom to ring and what to fetch; numbers, explanations and dates. Next day the elderly arthritic patient was right as rain.

I tried to get to the bottom of the incident. I said: "Susan, were you frightened, or were you excited because you were at last required to do something difficult, fast?" She gave me a non-committal smile, said "I knew what to do," and walked off down the ward.

An interesting thing about this chap was that, when he had first arrived, he had not in the least expected to be in any danger. He had a much more pressing anxiety. After his wife had left to go home he leaned across to me and said: "You know, I'm much more worried about this bedpan stuff than I am about the operation." Well, he was worried about being embarrassed; and he didn't know that if you're immobilised in bed for any length of time you can't even feel the so-called calls of nature. These become much more a matter of patience than of muscular choice.

Indignation

I tried to reassure him. "It's really quite all right: the nurses know about bedpans and bottles and all that. It's tiresome, but everybody puts up with it. It really is normal routine." Thereafter he thanked me effusively almost every day for the help which, he alleged, I had given him; much more than I ever heard him thank the nurses who had saved his life. Ten days later he walked out of the ward on his new hip. You will imagine my indigation, having to wait two months for my own hip to start working again.

Ward life is usually placid, but crises do occur. You should not worry overmuch about them. I remember one early morning: unexpectedly the nurses drew all the curtains around all the beds, in silence. Ten minutes later they drew the curtains back again, still in silence. Slowly we all realised that one bed, which had been occupied, was now empty; an almost tangible *frisson* ran round the ward. Yesterday he had been there, in pain. Today, he was not there. But later in the day the bed accepted a new patient, and the amoeba-like relationships of the ward shifted and moved and closed again. Although the group is constantly changing, it almost seems to be permanently fixed; self-perpetuating, seeking comfort, making jokes and forgetting pain.

It is uncomfortable to realise that you cannot operate outside the group environment. I experienced one disagreeable incident which, because it was so much out of keeping with the normal tenor of life, provoked me to complain to the hospital authorities. This got me nowhere. The bureaucrats seem far too busy with bureaucratic power games to bother with patients. Nurses and sisters are there for that.

Obviously the sisters set the tone of the place. I don't remember anybody calling Sister Mackintosh anything but "Sister." But her deputy, Sister Makarios, who celebrated her 24th birthday while I was in the ward, was happy to be called Chrissie. One day Chrissie ran into the ward with my newly-developed X-rays, saying: "I'm not allowed to show you these, but they're fantastic — look!" Don't expect any such spontaneous reaction from the doctors.

They feel too important, too blase or too old. My consultant never commented on my X-rays. But his registrar, a quiet Indian, took my hand and said: "Oh yes, they are very good. It is much better than we expected."

But you can probably expect to be told the truth when it matters, at least by the nurses. After many weeks, Sister Makarios came to me one day and said: "We're going to take out your pin this afternoon." I paled. "You mean, here? Just like that? Without an anaesthetic?" "Oh," she said, "it won't hurt." That afternoon my bed curtains were drawn: Sister Makarios and three nurses gathered round me, and a trainee nurse was appointed to do the deed.

Recovery

A tool was attached—a cross between a corkscrew and a brace-and-bit—to the end of the pin, and I gripped every available hand in sheer terror. The trainee gave a twist, there was a crunch and a wrench, and the thing was out. It hadn't really hurt. In my excitement I kissed the wrong nurse, and then the right one, and spent two hours recovering from the shock. Do not be disturbed by such alarms and excursion. They have to happen.

You may wonder why I revert, in this loose way, to the notion of shock. You may be of sterner stuff, but my traffic accident made my emotions much more susceptible than usual, as if a protective layer had been stripped away. Music, even very familiar music, would make me weep quite unexpectedly. I recall an afternoon radio programme about Tito Gobbi, in which a number of his most celebrated arias were played, culminating in the death of Rodrigo from *Don Carlos*. I thought: "This is ridiculous; I've played these records at home a hundred times." But I couldn't stop tears pouring. This happened with sonatas, symphonies, concertos. Music, it would seem, is subversive stuff. No matter what music does to your emotions, use it. You will need it.

But you will also talk to your neighbours; and you will find that it is pretty easy actually to choose your neighbours. Chances are that one of your neighbours, already in the ward when you arrived will leave well before you do. A couple of days before he goes, if you have spotted someone in another bed who looks friendly and interesting, murmur discreetly to Sister or one of the nurses, wondering gently and aloud whether Bill would like to be moved next to you. I was surprised to find that the nurses seemed happy to wheel the beds around; even more surprised that Bill seemed happy to be summoned.

I got a lot of agreeable conversation in that way, with a mini-cab driver, with a bricklayer who was an amateur poet, and with the manager of a disused gravel pit who explained at length that this ought to have been the perfect way to make a not-wholly-legitimate fortune—though he himself did not seem to be very rich. From several of my companions I heard anecdotes about the police which would have interested the Countryman investigators.

When they finally get you out of bed, do not be discouraged to find that your leg just won't bend at the knee. That is when the "physio-terrorists" will start on you in earnest. My first encounter was with one who said, as she began to bend my knee, "my first teacher used to say: If the patients aren't sweating you're not working hard enough!" Grunt. Push. Ow. More recently I heard a variant on this theme: "If the patient tires, change the exercise." You will be surprised, I think, at how quickly your knee begins to work again.

After so much waiting, so many days and weeks of predictable routine, the end may be on you before you know it. Mine was a scramble. On a Friday morning they were talking of keeping me until the following Tuesday; by 4 p.m. I had talked them into letting me out that very afternoon. My wife arrived with a bottle of champagne and two suitcases. She opened them, and my jaw dropped. I stared at her; she stared at me. The suitcases were empty — no clothes to go home in. Fortunately Sister decreed that I could go home in my red dressing gown. But it's easy, while weeping over Verdi, to forget that the shock of your accident affects other people, too.

Total loss

It is, I'm afraid, a period of total loss of freedom. It will be hard on your family and friends, too, but they will adjust, as you will. If visitors bring you fruit and sweets, I do advise that you hand these over immediately to the nurses — if not out of gratitude, at least out of policy. When your children come to visit, they will certainly not sit quietly by your bed for 40 minutes, but will run down to Sister's office to see what they can scrounge. You might as well build up a credit balance.

And keep drinking your tea, seven times a day, seven days a week. It must be good for you.

Yours,
Ian

Letters to the Editor

Agricultural policy

From the President, National Farmers' Union

Sir, — Although I did not agree with all the points made by Margaret van Hattem in her four articles on the common agricultural policy, I found the fact that in her last article (March 27) she listed some of the real achievements of CAP particularly welcome.

I must, however, disagree with her remedy for the policy's problems — a price freeze lasting for several years. The National Farmers' Union has supported a prudent price policy for products which are in surplus but with inflation in the EEC at around 12 per cent and rising, Miss van Hattem's proposal goes beyond prudence and would be an insupportable attack on European farming. I cannot believe that any other industry would be expected, or even asked, to suffer such a savage price reduction. Last year alone net income per farmer in the EEC fell by 7.7 per cent in real terms and since 1973 the trend has been for farm incomes to fall further and further behind average earnings. If prices were reduced in the way Miss van Hattem suggests the pressure on farm incomes would become even more severe, with dire consequences for employment and the balance of payments — which she rightly sees as major achievements of CAP.

I might also add that the UK would suffer particularly from a price squeeze, as a result of our higher than average inflation. UK farm incomes are estimated to fall again this year for the third successive year. Given our advantage of efficiency, British farming can reasonably expect to expand within a fairly operated CAP. If there were a long-term price freeze we would surely contract, particularly since Governments without the financial constraints of our own would certainly find national means of supporting their own farmers.

I find it surprising that Miss van Hattem, who criticises CAP for its reliance on the price mechanism as the sole instrument of policy, should suggest that necessary reform can be brought about by a price freeze alone. The problems of over-production are complex and we advocate a range of structural policies, such as incentives to switch from dairying, in addition to a prudent price policy.

R. C. Butler.
Agriculture House, Knightsbridge, SW1.

Airmail via the Tube

From Mr. N. Albery

Sir,—On February 15 you published my suggestion that there should be a slot cut in the side of each Piccadilly line tube and posting boxes fitted so that members of the public could post express air letters destined for Heathrow flights.

This suggestion has since involved me in two meetings, one with the GPO and one with London Transport, and a long correspondence with Sir Horace Cutler.

We have discussed several dozen snags, such as the dangers of bombs, the costs of a sorting staff at Heathrow, and the likely reactions of the unions, but none of these seem insuperable. The real problem is the likely rate of usage.

My costings show that the service would break even with about 300 letters (and small packages) a day (at a total fee of £1.25p per item). I am convinced that the service would attract far more items per day than this.

Nicholas Albery.
107, Freston Road, W11.

Deflation and inflation

From the Honorary Secretary, Economic Research Council

Sir,—Mr. John Mills (Mar. 21) challenges the case made in my letter of March 7 for the establishment of a Currency Commission. He asserts that "the collapse in 1929 had nothing to do with money supply." In fact, it was the failure of the Federal Reserve to carry out its task of maintaining the liquidity of the U.S. banking system which was the main factor in the subsequent collapse.

The depression in the UK, however, had started prior to 1929, the return to the gold standard in 1925 started a deflationary trend, culminating in nearly 3m unemployed by 1930. The outward and visible sign of this deflation, clearly shown below, was the appreciation in the purchasing power of the £, accompanied by wholesale destruction and restriction in the production of food and goods.

Since 1945 a steady erosion in the purchasing power of the £ has taken place, as shown below. This is the outward and visible sign of inflation, which has, of course, worsened considerably since 1970.

Deflation and Inflation in Britain
1914-1970

	s	d		s	d		
1914	20	0	1950	6	3	1914-1920	wartime inflation
1920	8	0	1955	5	0	1925-1931	deflation (gold standard)
1925	11	5	1960	4	6	1935-1940	reflation
1930	12	8	1965	3	11	1940-1945	wartime inflation
1935	14	0	1970	2	6	1950-1970	postwar inflation
1940	10	3					
1945	7	10					

The aim of monetary policy should be to maintain the liquidity of the monetary system at such a volume that the general price level is held constant, which we have signally failed to do since 1914. If a Currency Commission, charged with the task of maintaining the stability of the purchasing power of the £ had been in existence, it could, I suggest, have played a significant part in preventing pre-war deflation and post-war inflation and stop-go policies by ensuring that the money supply was closely related to the output of goods and services.

Edward Holloway,
Economic Research Council.
55 Park Lane, W1.

Sharing the profits

From Mr. A. Gray.

Sir, — With the publication (March 21) of figures from Rolls-Royce, showing that most of the 55,000 employees in its aero engine factories are receiving bonuses representing pay increases of between 15 per cent and 20 per cent on average, although in some instances 30 per cent increases are being recorded, coming only weeks after the figures from the John Lewis Partnership where the average bonus payment was £608 for each of the 24,000 members, is this not showing us a direction to follow to cure "wage inflation"?

If there is the possibility of, let us say, a 15 per cent bonus in a year's time, would it not be reasonable to accept a 5 per cent or even nil increase settlement in the now institutionalised ritual called the "annual pay round" by any employees in that situation? Such a settlement would allow the management to price its products competitively, and hopefully this would increase turnover and capacity utilisation of plant and machinery, and profits should increase substantially, thereby providing the truly earned pay increase which everyone is saying is so necessary.

Clearly the manager cannot promise a 20 per cent pay rise ahead of the coming year's business because he does not know how much he will sell, and yet most wage negotiations today seem to take no account of this simple reality.

In an attempt to encourage and institutionalise cash profit sharing (which is far more effective that issuing new equity to the generality of employees) it would be sensible to give businesses the right to distribute up to 10 per cent of pre-tax profits, free of tax on the donor and donee, provided that the money was divided between all the employees equally. Such a condition for the bonus fund would be mandatory and would allow everyone to feel fairly treated. For instance, a £400 tax-free bonus to a man earning £5,000 pa would be worth £571 or an 11.4 per cent pay increase, whereas to the director on a 60 per cent marginal tax rate earning just over £25,000 it would be worth £1,000 or a 4 per cent pay increase.

Employees would immediately be made aware of the benefits of strike-free production and the visible sharing of profits in this manner could unify "the two sides of industry" and help to re-establish Britain as one of the leading manufacturing, low inflation-rate nations of the world.

Adrian Gray.
31, Russell Road, Wimbledon, SW19.

Industrial relations

From Mr. D. Cockroft

Sir,—Your editorial "The weakness of unions" (March 20), is one of the most perceptive pieces written in a national newspaper about the British trade union movement for some time. It is certainly true that the authority of full-time officials (and union executives) is less than it should be. It is certainly true that the resources at the disposal of most union head offices are hopelessly inadequate to enable them to do a proper professional job for their members. It is certainly true that the position of the TUC vis-a-vis its affiliated unions and their members is nowhere near strong enough to enable it to act effectively as the coherent voice of organised labour in Britain.

What a pity then that your editorial omitted to draw the inevitable conclusion from its own argument — that weakening still further the influence of unions' central organisations by means of state financed ballots or artificial restrictions on union membership agreements can only damage, not improve, British industrial relations.

David Cockroft.
Rue de la Fontenette 27, CH-1227, Carouge/Geneva.

Selecting a market

From Mr. J. Hazel

Sir,—Dr. Graham H. Ray (March 25) emphasised that the entrepreneurs to back are those operating in "rapid growth" environments, with which we must agree.

He might have gone on to say that this meant selecting a market or market segment with a potential of rapid growth.

An entrepreneur entering a rapidly growing market with say a starting market share of 5 per cent is almost bound to succeed whereas an entrepreneur with 50 per cent of a declining market is almost doomed to failure. The entrepreneur's skill is in having the ability to recognise where rapid expansion is possible.

John Hazel.
Wovelrod Farmhouse, Nr. Alton, Hants.

The grass is growing

From the chairman, Kent Perennial Ryegrass and Wild White Clover Committee

Sir,—Having read Mr. Arthur Hellyer's article "Ryegrass is growing" (March 15) I should like to endorse his remarks on the value of certain varieties as amenity grasses.

What is a little surprising is his failure to mention Kent Indigenous Perennial Ryegrass, a progenitor of S.23, which has for many years been used for amenity and sports ground purposes. The variety Romney, which is a later heading selection has, in fact, given rather better results than S.23 in trials carried out at the Sports Turf Research Institute. Both these Kent varieties, having been hard grazed by sheep over the centuries, are renowned for their persistence and speed of recovery after heavy punishment and this makes them particularly suitable for playing fields, football pitches etc.

In these days of tight money they also have the advantage of not being subject to royalties which the imported and newly bred varieties attract.

Geoffrey B. Richards
Lacton Manor Farm, Westwell, Ashford, Kent

Today's Events

GENERAL

UK: National Union of Teachers conference, Winter Gardens, Blackpool (until April 10).

National Association of Schoolmasters/Union of Women Teachers conference, Royal Hall, Harrogate.

The Queen opens King Edward Court shopping centre, Windsor.

Variety Club of Great Britain tribute luncheon to Dickie Henderson, Savoy Hotel, London.

Association of Clinical Pathologists conference opens, Hotel Majestic, Harrogate (until April 11).

National Model Railway Exhibition, Central Hall, Westminster (until April 12).

Traditional distribution of Tuppenny Starvers (1 ft diameter buns) to congregation at St. Michael-on-the-Mount-Without, St. Michael's Hill, Bristol.

OFFICIAL STATISTICS

Department of the Environment publishes housing starts and completions for February.

COMPANY MEETINGS

See Financial Diary of page 20.

COMPANY RESULTS

Final dividends: Barton and Sons. East Rand Consolidated. Erith. Rowan and Boden. John C. Small and Tidmas. Interim dividends: The Highland Distilleries. Interim figures: Pyke Holdings.

Stability in Malaysia should help Yule Catto

THE POLITICAL and economic stability of Malaysia augurs well for the continuing success of Yule Catto and Co.'s plantation interests in that country, says Lord Catto, chairman, in his annual statement.

However, conditions for prosperity in the UK look less attractive in the short-term, he adds.

Pre-tax profits rose from £2.8m to £3.39m in the year to October 27, 1979, as reported on February 26. The main contribution came from rubber and oil palms, with profits of £2.68m, against £2.47m.

The chairman says the construction of an oil palm mill was sanctioned during the year. The 20-ton-per-hour mill, capable of handling the company's total harvest is being built on Sedenak Estate at a cost of M$5.3m and is expected to be *operational early* in 1981.

Group fixed assets totalled £9.56m (£9.74m) at the year-end. Current assets rose from £6.6m to £10.03m, while current liabilities increased from £3.83m to £5.82m, including bank overdrafts of £1.17m (£0.41m).

There was a net outflow of funds during the year of £2.81m (£0.93m inflow).

Meeting, New Bond Street House, W, on May 1 at noon.

BSR reveals £5m loss on current cost basis

THE ACCOUNTS of BSR, the sound reproduction and consumer products group, reveal a fall from pre-tax profits of £8.29m to losses of £5.04m on a current cost basis for the year to January 5, 1980.

Historic profits dived to £3.88m (£15.17m), as reported on March 13. The trading surplus fell from £15.42m to £7.82m, and was struck after bad debts of £1.04m (£0.38m).

The CCA loss was incurred after extra cost of sales of £5.63m (£2.88m), an adverse working capital adjustment of £2.71m (£1.69m), and additional depreciation of £3.07m (£3.28m). However, there was a favourable gearing adjustment of £2.48m (£0.98m).

The balance-sheet, on historic terms, shows current assets at £99.53m, against £101.33m, including short-term deposits and bank balances of £8.59m (£13.65m). Current liabilities amounted to £58.31m, against £49.33m, with bank overdrafts and short-term loans at £32.31m (£19.31m). Long-term loans totalled £3.19m (£0.56m).

Net liquid funds fell by £18.05m, compared with £11.43m.

Mr. John Ferguson, chairman, said when reporting the preliminary results that overall unit sales for the sound reproduction division were slightly lower so far this year when compared with 1979. Consumer products division sales for the first two months showed an improvement over last year, but he doubted if the trend would continue.

With margins under pressure, every effort is being made to contain costs by new designs and reduction of manning levels, overhead expenditure and working capital requirements, he said.

Meeting, Savoy Hotel, WC, on April 28 at 11 a.m.

Expansion at E. Upton

On turnover ahead from £5.01m to £5.65m, pre-tax profits of E. Upton and Sons, departmental stores operator, expanded from £277,406 to £331,274 for the year to January 29, 1980. At midway the profit improvement was from £76,325 to £97,329.

Yearly earnings per 25p share rose from 7.21p to 8.88p and the final dividend is 2p for a higher total payment of 2.75p (2.487p) net.

The tax charge at £172,300 (£147,716) leaves the net balance up from £129,690 to £158,974.

Caution over profit at Squirrel Horn

Demand is still depressed at Squirrel Horn, sweets manufacturer, but price increases at the start of the year and an effort to scale down costs to a lower *level of production should* help to improve profitability, says Mr. John Hardy, chairman, in his annual statement.

However, he adds, "one must be guarded when thinking in terms of profits in the present year."

The pre-tax surplus fell sharply from £626,664 to £381,333 in 1979, with second-half profits diving to £63,436 (£243,256), as reported on March 1. On a CCA basis, taxable profits are reduced to £158,692 (£453,397).

The dividend is raised to 1.8125p net (1.5104p adjusted).

Future dividend policy, however, must be closely related to the profits the company can earn and another year of disappointing profit would require a critical examination of the dividend rate, he adds.

But the long-term future for the company must be good, he says, and it is to be hoped that measures already taken and being taken will, in due course, mean that the results for 1980 will not be disappointing.

The level of capital expenditure recently gives the directors the best grounds for optimism in the future, and they are satisfied that the company will be well placed to produce high quality goods at competitive prices when demand increases.

Current assets were down from £1.92m to £1.75m at the year-end, including bank and cash balances of £19,733 (£380,092). Current liabilities amounted to £1.07m (£872,841), including bank overdraft of £74,972 (nil).

Working capital fell by £449,872 (£178,422 increase).

R. Martin £20,000 lower at halftime

Announcing profits before tax £20,000 lower at £268,000 for the six months to December 31, 1979, the directors of R. P. Martin and Company, say they are hopeful that the profit trend will be maintained in the second half.

Trading results of the New York subsidiary of this foreign exchange and currency broker are still impairing profitability and the directors are giving particular attention to rectifying this situation.

The net interim dividend is maintained at 1.5p, on earnings of 2.4p (1.5p) per 5p share. Last year, on profits of £494,000 (£632,000), a total dividend of 3p was paid.

Half year turnover rose from £2.4m to £3.21m and the tax charge for the period was £170,000 (£225,000).

BIDS AND DEALS

Henderson-Kenton £6.6m over book on revaluation

A PROPERTY revaluation at Henderson-Kenton, the furniture retail group currently the subject of an agreed bid by Harris Queensway, has thrown up a surplus of £6.6m over the book value of £3.6m.

As a result net tangible assets per share amount to 179p, the offer documents reveal. Harris Queensway's cash offer is for 220p.

If the offer succeeds—it has already been irrevocably accepted by the Board and shareholders representing 35.5 per cent of the equity—Henderson-Kenton will be absorbed within a division to be called Harris Furnishing which will also include 50 of the Hardy and Co. (Furnishers) stores acquired during last year's takeover.

A pro forma statement of the net assets of the combined group (based on figures for Harris at last December and for Henderson the previous March) show total borrowings of £24.3m. Net assets amount to £28.35m including net current liabilities of £9.38m. Harris' own borrowings had increased from £11.3m to £15.5m between December, 1978, and March, 1980.

HAWKER SIDDELEY ACQUIRES FASCO

Hawker Siddeley Group has completed its acquisition of Fasco Industries Inc., a privately owned U.S. corporation, for $100m in cash.

Fasco manufactures fractional horsepower electric motors for use in a wide variety of consumer and commercial products, electrically driven products for domestic and commercial premises, and pressure and temperature controls.

ALLIED PLANT

Allied Plant Group has conditionally agreed to buy M. Walker and Son, Hull-based plumber and heating engineer, for £200,000.

Completion is conditional on an accountants' investigation into Walker, satisfactory to APG.

The consideration is payable at completion by way of 500,000 APG ordinary shares, to be issued at 35p with the balance of £25,000 in cash.

New shares will be entitled to the final dividend for 1979.

The net tangible assets of Walker, as at March 31, 1980, are expected to be £200,000.

Additional consideration of up to £200,000 (in shares at the then market value or cash at APG's option) will be paid provided pre-tax profits for the two years ending March 31, 1981, reach at least £250,000, such additional consideration being reduced pound for pound if profits fall short of the £250,000.

Walker's profits for the year ended March 31, 1979, were £65,000. They are expected to be £100,000 in 1979-80 and about £150,000 in 1980-81.

Marsh bid delay

Marsh and McLennan, the large U.S. broker which is bidding for C. T. Bowring of the UK, has supplied additional information about its bid to the U.S. justice department. This will result in a delay of the offer.

In an announcement, the company said the information was supplied to the anti-trust division of the department in accordance with the Hart-Scott-Rodino act. This lays down disclosure and timing requirements for takeovers in the U.S.

There was no suggestion that the department's request was *anything but routine. However,* Marsh will not be able to proceed with its £237m bid until 20 days after the material was submitted.

F. BURGESS/ NORRINGTON

Frederick H. Burgess now holds 86.7 per cent of Henry Norrington and Son, and the offer has been declared unconditional. The offer has been accepted in respect of 77.7 per cent, or 2,957,252 5p shares, of Norrington. The shares over which Burgess held the options have been included in the total.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times: —

American Hospital Supply (Section: World Markets—New York). **Child Health Research** (Investment Trusts). **Keep Investment Trust** (Investment Trusts). **Nickelore** (Mines—Australian). **North Sea Assets** (Oil and Gas). **Webber Electro Components** (Electricals).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Highland Distillers.

Finals: Barton and Sons, East Rand Consolidated, Erith, Rowan and Boden, John C. Small and Tidmas.

FUTURE DATES

Interims:

Linread .... Apr. 16
Sun Life Assurance .... Apr. 16
"W" Ribbons .... Apr. 11

Finals:

Assoc. Biscuit Manufacturers Apr. 10
Baird (William) .... Apr. 16
Burmah Oil .... Apr. 16
Clarke, Nickolls and Coombs... Apr. 11
Currys .... Apr. 14
Jerome (S.) .... Apr. 9
KCA International .... Apr. 10
Minet .... Apr. 10
Owen Owen .... Apr. 16
Scottish Mortgage and Trust... Apr. 17
Standard Chartered Bank ...... Apr. 15
Standard Telephone and Cables Apr. 14
Triplevest .... Apr. 9

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

£000's capitalisatn.	Company	Last price	Change on week	Gross Div (p)	Yield %	P/E
3,642	Airsprung	63	−2	6.7	10.6	3.7†
700	Armitage and Rhodes	28	−1	3.8	13.6	1.8†
7,790	Bardon Hill	255	—	13.8	5.4	7.5†
800	County Cars 10.7% Prf.	80	—	15.3	19.1	—
6,696	Deborah Ord.	97	−1	5.0	5.1	10.7
4,012	Frank Horsell	107	+2	7.9	7.4	6.6
14,158	Frederick Parker	98	−2	12.8	13.1	4.5†
2,278	George Blair	107	+1	16.5	15.4	—†
1,750	Jackson Group	70	—	5.2	7.4	4.1†
15,734	James Burrough	114	—	7.2	6.3	10.0
2,754	Robert Jenkins	270	+10	31.3	11.6	8.6†
3,395	Torday	220	+4	14.3	6.5	5.7†
2,457	Twinlock Ord.	11½	−3	0.8	7.3	2.2†
2,157	Twinlock 12% ULS	79	+3	12.0	15.2	—
6,399	Unilock Holdings	49	+2	2.6	5.3	10.4
1,078	Unilock Hldgs. New	49	—	—	—	10.4
12,507	Walter Alexander	99	+3	4.4	4.4	6.6
4,341	W. S. Yeates	186	+2	12.1	6.5	3.0†

† Accounts prepared under provisions of SSAP 15.

30th APRIL 1980 REDEMPTION

TRANSALPINE FINANCE HOLDINGS S.A.

U.S.$25,000,000 6¾% Loan 1983

REDEMPTION OF BONDS

Transalpine Finance Holdings S.A. announces that for the redemption period ending on 30th April 1980 it has purchased and cancelled bonds of the above loan for U.S.$1,780,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 30th April 1980 to satisfy the Company's current redemption obligation is accordingly U.S.$485,000 and the nominal amount of this loan remaining outstanding after 30th April 1980 will be U.S.$6,800,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 19th March 1980 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 485 bonds for a total of U.S.$485,000 nominal capital were drawn for redemption at par on 30th April 1980, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

000003	000010	000011	000101	000148	000232	000339	000342	000347	000365	000368	000459	000780	000845	001010
001057	001287	001308	001464	001833	001836	001852	001955	002079	002137	002169	002419	002436	002548	002550
002762	002793	002809	002816	002818	002830	002836	002839	002851	002853	002873	002908	003201	003297	003466
003540	003587	003648	003680	003956	003997	004309	004412	004415	004419	004424	004429	004446	004467	004476
004494	004510	004568	004639	004645	004649	004660	004674	004683	004684	004690	004839	004843	004909	004930
004944	004964	004973	005026	005049	005053	005084	005141	005144	005222	005223	005340	005350	005365	005370
005474	005704	005733	005815	005837	005890	006058	006086	006087	006115	006163	006222	006246	006278	006279
006291	006410	006412	006451	006496	006514	006597	006614	006616	006651	006666	006669	006681	006715	006747
006749	006831	006838	006871	006903	006909	006946	007052	007057	007067	007150	007166	007170	007171	007201
007240	007259	007360	007362	007366	007387	007414	007418	007439	007446	007463	007520	007557	007604	007610
007611	007682	007683	007685	007709	007710	007924	007925	007927	007976	007978	008026	008053	008095	008118
008306	008308	008315	008318	008364	008458	008483	008538	008542	008550	008606	008618	008894	008896	008907
009047	009114	009168	009231	009375	009475	009483	009565	009678	009730	009836	009871	009884	009922	009948
010133	010137	010549	010667	010719	010802	010859	010879	010985	011040	011101	011102	011222	011231	011377
011345	011352	011456	011490	011498	011514	011516	011544	011583	011607	011609	011610	011612	011658	011662
011663	011815	011824	011869	011979	011986	011987	011988	011992	011994	011999	012028	012029	012069	012135
012138	012156	012199	012215	012223	012375	012508	012512	012528	012532	012536	012639	012643	012675	012689
012808	012818	012819	012827	012829	012852	013120	013185	013189	013273	013280	013317	013347	013363	013366
013387	013420	013454	013464	013955	013956	014197	014218	014409	014419	014784	014812	014814	014835	014849
014855	014872	014922	014993	015071	015099	015116	015123	015160	015270	015294	015308	015322	015326	015328
015340	015596	015614	015651	015678	015767	015866	015966	015972	016223	016227	016711	016741	016748	016764
016765	017098	017372	017653	017660	017731	017995	018209	018292	018393	018401	018424	018431	018455	018473
018478	019051	019056	019240	019262	019376	019591	019612	019629	019638	019653	019741	019863	019866	019883
019884	019949	019971	019972	019973	020205	020296	020303	020312	020319	020358	020432	020436	020448	020485
020520	020536	020577	020585	020590	020735	020741	020748	020758	020839	020840	020841	020845	020874	020924
021038	021051	021443	021452	021465	021480	021481	021483	021484	021561	021629	021792	021800	021888	021902
021951	021979	022070	022084	022087	022105	022252	022375	022382	022609	022610	022655	022709	022776	022788
022792	022814	022844	022862	022870	022880	022894	022903	022905	022909	022912	022914	022989	022991	023012
023024	023029	023031	023061	023247	023250	023256	023259	023264	023306	023424	023446	023472	023478	023485
023531	023545	023633	023640	023646	023662	023666	023691	023697	023700	023705	023725	023739	023770	023772
023781	023784	023798	023814	023825	023828	023831	023835	023838	023895	023943	023969	023985	024047	024049
024064	024071	024072	024088	024165	024272	024429	024438	024445	024453	024471	024527	024529	024755	024759
024773	024861	024913	024916	024917										

Witness: K. F. C. Baker, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 30th April 1980 at the offices of the paying agents named on the coupons in the manner specified in Condition 5 of the *Terms and Conditions of the Loan printed on the bonds. Each of these bonds when presented for* redemption must bear the coupon dated 30th April 1981, and subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

8th April 1980.

In our 84th year in London The Morgan Bank has a new House

At Morgan Guaranty Trust Company's new London home are Alfred M. Vinton Jr., vice president and general manager of the bank's offices in London, left, and Neil D. Chrisman, senior vice president, British Isles and Scandinavia.

Beginning this morning, the principal London office of Morgan Guaranty Trust Company is in Morgan House, a striking new 21-storey building in the heart of the City.

We've moved from 33 Lombard Street, where on 1st March, 1897, we opened one of the first overseas branches of an American bank. Morgan House is at 1 Angel Court, between the Bank of England and the Stock Exchange. Its distinctive 15-storey tower rises from a six-storey podium block.

We're proud to be doing business on this site, rich in City tradition. Since 1556 the land has been owned by the Clothworkers' Company, a craft guild. The Clothworkers built and own the building.

Morgan's start in England

Our own roots in London go back quite a way. It was 1854 when Junius Spencer Morgan came here to join the merchant banking firm of another American, George Peabody. A few years later Mr. Morgan's son Pierpont founded, as an offshoot of the London house, the New York firm of J.P. Morgan & Co., one of our predecessors.

The Morgan Bank's other forebear, Guaranty Trust Company, started our office in Lombard Street with two people. Today our London staff numbers more than 1,100. (Our International Private Banking office continues at 31 Berkeley Square, and our operations centre remains at Stratford.)

Keeping up with growth

Over the years we expanded the Lombard Street quarters several times—and rebuilt them after they were demolished by a direct hit during a 1940 bombing raid. To accommodate our growth in recent years, we leased space in various parts of London. Now, at Morgan House, our services to corporations, financial institutions, and governments are concentrated at one location. They include sterling and Euro-currency lending, project finance, international money management, foreign exchange dealing, international investment management.

One of the highlights of our new home is the foreign exchange dealing room, equipped with what we believe to be the most sophisticated information system yet devised for a financial installation. Each of the 58 dealing positions has instant access by video screen to current market data on all major currencies. Communication with trading rooms in other Morgan offices around the world is continuous.

Looking ahead with London

Morgan House is a statement of our belief in London's continued leadership in international finance. Our 83 years in Lombard Street are a record for an American bank in London. We'd like to surpass that record at Morgan House.

The Morgan Bank

CREDITS

Still looking for higher spreads

By Our Euromarkets Staff

LATE LAST week came news that the long-awaited mandate for Argentina's Agua Y Energia Electrica was finally awarded to a group of four banks comprising Banco de la Nacion Argentina, Canadian Imperial Bank of Commerce, Credit Commercial de France and the Kreditbank International group.

The credit is for $150m over eight years and the terms provide for a split spread of ⅝ per cent for the first four years, rising to ¾ per cent thereafter. They are thus substantially the same as those on the highly successful deal for the State-owned oil company, Yacimientos Petroliferos Fiscales, arranged last month.

An important feature of the latest deal was that competition for the mandate was keen. The result has been that, at least in this case, spreads are not yet rising despite expectations that this would happen after the latest U.S. economic package.

The basic question in this market thus remains whether it will move decisively in favour of the lenders—and if so when? At the moment the answer is still obscured by the fact that many borrowers continue to hold back because of the very high level of interest rates.

Brazil, for example, has not yet decided on a follow-up deal for its $250m Petrobras borrowing. Czechoslovakia, which was holding intensive discussions with banks earlier this year, has not reappeared in the market even though the benchmark $250m loan for the Hungarian National Bank has now been clearly successful.

Terms for borrowers such as these would not be easy to set at present, although when such deals do finally materialise there could well be signs of an upward shift in margins on a selective basis.

Something of a crack in the ice did appear this week with Greece, which has a relatively substantial borrowing requirement this year. The country's central bank opted to keep the market sweet with a ⅝ per cent spread throughout on its eight-year $450m credit. This is a slight concession to the banks when compared with the spread of ½ per cent over 10 years on a $500m credit arranged by the same borrower last November.

INTERNATIONAL BONDS — BY OUR EUROMARKETS STAFF

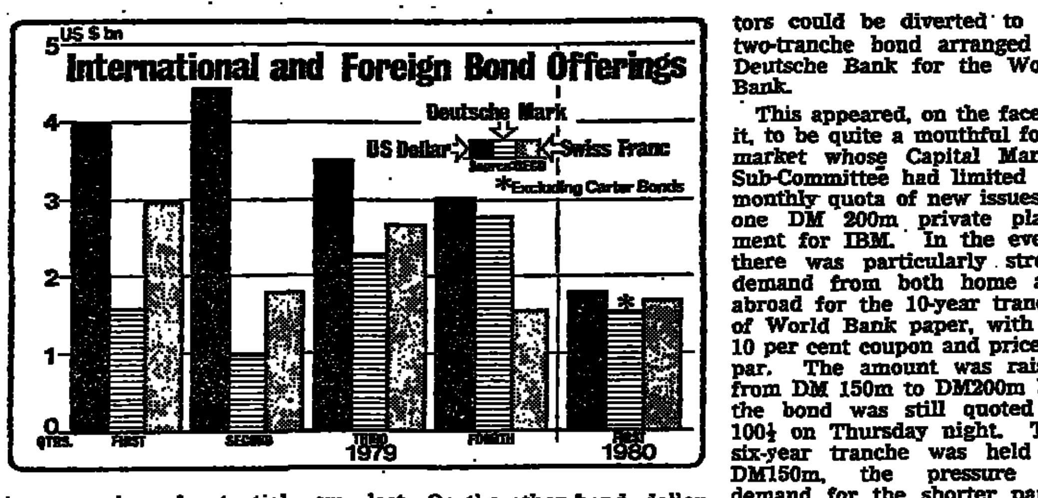
Waiting for the final assault

TURNOVER ON all major sectors of the international bond markets dwindled last week. But for a period preceding a holiday closure, there was a more than usual feeling of suspense around. The markets seemed poised for something, but the question nobody seemed able to answer with certainty was poised for what.

With prime rates up to 20 per cent the air for borrowers was getting rather thin. So long as short-term rates continue to climb the dollar Eurobond market remains weak, but now it begins to look as if the peak could be close. Longer dated dollar deposit rates eased somewhat last week; shorter dated rates may, in the view of many, have somewhat further upwards to go.

But when the turnround finally does emerge the Eurobond market could rally sharply. This prospect may explain why many dealers last week reported a reluctance to sell at present levels. With professional short-covering, and a steady trickle of retail demand, prices actually managed to put on ⅛ point on average.

The problem of assessing the future trend of the Eurobond market is, however, not only one of timing the turnround in U.S. interest rates. Overhanging any strong recovery is the large number of potential new issues, particularly by governments and supranational agencies. The chart shows how the long bear market has reduced the volume of dollar bonds to a trickle.



Then there is also the question of the dollar itself. It rose above DM 1.97 on foreign exchange markets last week. This reflects a market obsession with interest rates, but it is hard to say how the currency would fare without this prop. If it weakened, some of the benefit to the bond market of lower interest rates would be lost. On the other hand, dollar bonds would benefit enormously from a combination of a strong dollar and declining U.S. interest rates.

In spite of continued weakness in the currency and rising interest rates, the emergence of the 10 per cent coupon was a tonic for the primary market in D-Mark bonds. The tone was set at the beginning of last week by the success of 10-year 10 per cent securities issued by the West German Government. These were oversubscribed, with the result that some of the enthusiasm of domestic investors could be diverted to the two-tranche bond arranged by Deutsche Bank for the World Bank.

This appeared, on the face of it, to be quite a mouthful for a market whose Capital Market Sub-Committee had limited the monthly quota of new issues to one DM 200m private placement for IBM. In the event, there was particularly strong demand from both home and abroad for the 10-year tranche of World Bank paper, with its 10 per cent coupon and price of par. The amount was raised from DM 150m to DM200m but the bond was still quoted at 100¼ on Thursday night. The six-year tranche was held at DM150m, the pressure of demand for the shorter paper being somewhat less.

The success of the World Bank issue raises the possibility that another DM issue for a supranational agency could be accommodated soon. But it probably represents a "window" rather than a "turn." The weakness of the currency, the rate of German wholesale price inflation, the German current account outlook and the level of interest rates in the U.S. all continue to suggest that the direction for short-term interest rates in Germany is upwards and that the shadow over the DM bond market remains.

Yields on Swiss franc bonds, too, seem set to rise a bit more in the absence of any decline in short-term U.S. interest rates. Gains of ⅜ points on average reported for Swiss franc foreign bonds last week were largely the result of a shortage of new paper.

This is likely to change soon as the major banks have now set April 16 to 22 for their first issue since the market entered a voluntary pause a month ago. This will be a SwFr 80m issue for the Interamerican Development Bank for which terms have yet to be set.

In the French franc sector, meanwhile, an issue price of par was set for EDF's FFr 400m five-year issue, which bears a coupon of 14¼ per cent.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡§Denki Kagaku Koygo	15	1990	10	11	100	Nikko Secs.	11.000
D-MARKS							
‡**Japan Synthetic Rubber Co. (g'teed IBJ)	40	1985	5	10¼	100¼	BHF Bank	10.184
FRENCH FRANCS							
‡EDF (g'teed France)	400	1985	5	14¼	100	CCF, Paribas, KJC	14.250
SWISS FRANCS							
‡**Austria	25	1983	—	6¾	100	Kredietbank (Suisse)	6.750
‡**Austria	25	1985	—	7	100	Kredietbank (Suisse)	7.000
‡§Denki Kagaku Koygo	30	1985	—	7	100	Paribas (Suisse)	7.000
Buhrmann-Tetterode	40	1990	—	7	100	Banque Gutzwiller	7.000

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ⊕ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund.
Note: Yields are calculated on AIBD basis.

U.S. BONDS — BY STEWART FLEMING

Restraint goes on

A GROWING conviction that the Federal Reserve Board is determined to maintain the pressure of monetary restraint on the U.S. credit markets in order to fight inflation helped long-term bond prices to maintain some stability again last week, in spite of continued turmoil in the short-term money markets.

But there is as yet no consensus developing about where the central bank's renewed anti-inflation effort is leading U.S. interest rates. Some money market economists are beginning to suggest that perhaps short-term interest rates, including the commercial bank prime lending rate, are nearing their peaks for the current economic cycle. But others are expressing concern that continued demand for credit could drive rates yet higher.

Just how much higher is a question which is being addressed reluctantly, in view of the consuming uncertainty. But even a 25 per cent prime rate is something the markets are having to think about, although such a figure is generally dismissed as highly unlikely.

The factors which helped the long-term bond market last week included the ending of the U.S. Treasury's $19bn new financing programme and what J. Henry Schroder Bank and Trust describes as "a growing conviction that feeling in the markets that a recession is/was taking shape."

Some analysts are beginning to predict that the forthcoming economic data will, like last week's rise in unemployment to 6.2 per cent, show further weakening of activity. Others are drawing encouragement from a slight $100m decline in both the M1-A and the M1-B measures of the U.S. money supply in the latest banking week. Thus, during the first quarter, the Fed has come close to keeping its money supply growth on this measure within its 6¼ per cent long-term target. But it is the uncertain outlook for the short-term credit market and the possible implications of developments there for the long bond markets which is worrying some analysts.

Dr. Henry Kaufman, Salomon Brothers' economist, points out: "The demand for short-term business credit has not yet abated . . . thus far it appears that business borrowers who are willing to pay market rates of interest are still finding credit available."

Others point out that, even when the economy has turned down, credit demand initially tends to remain strong, and this is likely again to be the case, particularly since the option of re-financing business in the bond markets is so limited by the collapse that has occurred in bond prices.

U.S. INTEREST RATES

	Week to April 4 %	Week to March 28 %
3-month Treas. Bill	15.05	14.45
1-mnth Coml. Paper	16.75	N/A
Fed Funds weekly average	19.32	18.65
Treas. 30-year bond	12.75	12.48
Lng-trm AAA Utility	13.87	14.75
Lng-trm AA Industl.	13.62	13.75

Source: Salomon Bros.

SWISS BANKS — BY PETER MONTAGNON

Chasing long-term money

SWISS BANKS are scrambling to raise money on the country's domestic bond market. This unusual phenomenon follows difficulty in selling medium-term notes as interest rates rose over the past year. It has been an important factor in pushing up the yields of domestic bonds and some bankers say the effect has even spilled over into the foreign bond sector.

In the domestic loan calendar for the current quarter banks account for no less than SwFr 1.2bn out of a total fresh offtake of SwFr 2.2bn. The Swiss Government is to raise SwFr 400m in new money and this leaves only a relatively small share for other borrowers, including cantonal governments, utilities and industry.

From the investors' point of view this is an unwelcome development. They feel saturated with bank bonds and would like to see more paper offered by industrial concerns. On the rare occasions that such an issue is floated it attracts strong interest.

Thus, for example, a SwFr 100m 12-year 5½ per cent bond issue offered at par last week by Ciba Geigy closed oversubscribed. Allotments are to be reduced even though the bonds were priced very finely according to many market observers. By contrast, a SwFr 175m five-year 5 per cent issue floated at par by Swiss Bank Corporation fell below its issue price in initial dealings on the secondary market despite news that it, too, was oversubscribed.

Banks involved in the primary market admit that they are concerned by this development but add that there is little they can do. It goes back to a fundamental problem in their balance sheets arising from the turnround in the interest rate trend that began last year.

This trend was resisted by the Swiss National Bank in one specific sector, the Kassenobligationen or medium-term notes issued by the banks in their own name. The rate on these has a great domestic significance as it forms the base for calculating mortgage rates.

But the effect of the central bank's restraint as far as the banks were concerned was to dry up the supply of funds flowing into Kassenobligationen as clients switched into more lucrative short-term deposits. At two major banks, UBS and Credit Suisse, the amount of medium-term notes outstanding actually fell slightly last year, while at Swiss Bank Corporation the growth was a modest 0.5 per cent. At the same time total asset growth in the three institutions was 10.5 per cent, 16 per cent, and 9.4 per cent respectively.

The banks thus found themselves short of funds to finance longer term business. This has driven them on to the bond market in force.

What is needed to restore the balance is a more normal relationship between short-term deposit rates and rates on medium- to long-term money. At the moment banks are paying 6¼ per cent on time deposits of one year and only 5¼ per cent on eight-year medium-term notes. At these rates the problem remains unsolved and the banks look as though they will continue to dominate new issue activity on the domestic market for some time.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	82¼	82¾	0	+1¼	13.40
Alex Howden XW 9½ 91	30	†67	68	+0½	−0¼	15.88
Australian Res. 9¾ 84...	30	84	84⅝	0	+0¼	14.75
Avco O/S Cap. 10¼ 87	40	74½	75½	+0¼	+0½	16.44
Beneficial Fin. 9¾ 87...	100	79⅝	80⅛	0	+0⅞	14.35
CECA Grad. Rate 12 86	100	88⅝	89⅛	0	+0¼	14.71
CECA 11⅝ 90	50	86	86½	0	+0⅜	14.27
Canadian Pacific 9¾ 89	50	80⅝	81⅛	+0⅛	+0⅞	13.48
Carter Hawley 9¾ 86...	50	81¼	81¾	0	+0⅜	14.41
Comalco Inv. E. 10¼ 91	40	81¼	81¾	−0⅛	+1⅞	13.51
Continental Grp. 9⅝ 86	100	81⅛	81⅝	−0⅛	+0⅜	14.30
Dome Petroleum 10 94	50	77½	78	−0¼	−0⅛	13.59
Dominion Bridge 10¼ 84	30	87	87½	−0⅛	+0⅛	14.47
EIB 11¾ 92	80	85⅜	85⅞	0	+1⅛	14.32
EIB 10.15 99	100	73½	75	0	+1¼	14.56
Ekportfin 11½ 87	50	88⅜	88⅞	0	+0⅛	13.92
Export Dv. Cpn. 9¾ 84	100	84⅜	84⅞	−0⅛	+0⅛	14.77
Export Dv. Cpn. 9¾ 84	150	84⅜	84⅞	−0⅛	+0½	14.67
Finland 9⅝ 89	100	†76	76½	−0⅛	+0⅛	14.85
GTE Finance 9¼ 89	55	79⅞	80⅛	+0⅛	+0⅞	13.64
GMAC 9¼ 86	100	81	81½	0	+0⅛	13.94
GMAC O/S Fin. 11 84	100	89½	90	0	+0⅛	14.06
Gould Int. Fin. 9¼ 85...	50	83¾	84¼	−0½	+0⅛	14.51
ITT Antilles 9½ 89	75	78	78½	+0⅛	+1⅞	13.84
Kennecott Int. 9½ 86...	100	80⅜	80⅞	0	+1⅛	14.47
Manitoba 9½ 89	75	78¼	78¾	0	+0⅛	13.83
Michelin 10 94	125	77⅞	78⅛	−0⅛	+3⅛	13.55
Nat. Des. Telecm. 9½ 86	100	81½	82	−0⅛	+0½	14.08
New Brunswick 9¼ 94	75	74	74½	0	+0⅛	14.05
Newfoundland 10 94	50	79⅛	79⅝	0	+1¼	13.33
Norges Komm. 9⅞ 99...	100	†73	73½	−0⅛	+1	14.38
Norway 9½ 84	150	84⅝	85⅛	0	+0⅛	14.62
Nova Scotia Pwr. 9¾ 89	50	80¼	80¾	0	+0⅜	13.59
Occidental Fin. 10¼ 84	50	†86½	87	0	+0½	14.70
Pennwalt O/S F 9¾ 84	25	85	85½	0	+1⅛	14.71
Pepsico Cap. 9¼ 94	100	85¼	85¾	−0⅛	+0⅛	14.33
Quebec Hydro 10 99	75	75⅞	76⅜	+0⅛	+1⅛	13.53
Sears Roebuck 9 82	150	89⅝	90⅛	0	+0⅛	15.61
Statoil 9⅝ 89	100	79½	80	0	+0⅞	13.55
Sweden 9¾ 89	100	79½	80	0	+1	13.78
Sweden 9½ 86	200	†81¾	82¼	0	+1⅛	14.43
Sweden 9¾ 84	100	84⅞	85⅛	0	+0⅛	14.54
Unilever NV 9¼ 87	100	80	80½	−0½	+0½	13.68
Warner-Lambert 9 84	100	83⅝	84⅛	0	+0⅛	14.29

Average price changes . On day 0 on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	89¾	90½	+0¼	−1⅛	9.90
Asian Dev. Bk. 7¼ 89...	100	80⅛	80⅞	0	+0⅛	10.63
Australia 8½ 90	250	93¾	94½	−0⅛	−0⅞	9.04
Barclays O'seas 6¾ 89	100	79¾	80¾	0	+0⅛	10.18
BFCE 7¼ 87	100	90½	91¼	+0¼	−0⅛	9.63
BFCE 8¼ 95	100	86⅞	87⅝	+0⅛	+0¼	9.78
Brazil 8 87	150	86⅞	87⅝	−0⅛	0	10.57
CECA 7 91	150	82¾	83½	+0¼	−0⅛	9.52
Council of Eur. 7¾ 89...	100	85⅞	86⅝	−0½	−0½	9.58
Denmark 7⅞ 86	100	89¾	90½	+0¼	0	10.29
Denmark 8¼ 92	100	86⅞	87⅞	−0⅞	+0⅛	10.12
EEC 7⅞ 94	225	86⅞	87⅝	−0⅛	+1	9.52
EIB 7½ 89	200	86¼	86⅞	+0½	+2¼	9.79
Finland Rep. of 8 86	150	91⅛	91⅞	+0¼	0	9.77
Kobe, City of 7¼ 89 ...	150	82¼	83	−0⅛	−0⅞	10.03
Neder. Gasunie 8 86	100	92⅝	93⅛	0	+1½	9.45
New Zealand 7⅛ 87	200	85¾	86½	0	+1¾	9.82
Norges Komm. 7¾ 91...	150	86½	87½	0	+1	9.69
Norway 7½ 85	250	92⅝	93⅛	−0¼	+0½	9.44
OKB 7⅛ 89	100	83⅛	84⅛	+0⅛	+1	10.12
Oslo, City of 8¾ 90	80	93½	94½	+0¼	−1⅛	9.71
World Bank 7¾ 91	400	83¾	84¾	+0⅛	+0⅛	10.19
World Bank 7⅞ 90	250	87¾	88½	+0⅛	+0⅞	9.81

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentine 5½ 89	80	87¾	88	−0⅛	+1	7.38
Aumar 5 89	60	85½	86	+1	+1½	7.15
Australia 3¾ 89	250	81¾	82¼	+0½	+2½	6.31
Bergen, City of 4¾ 91	40	84	84½	−0½	+1	6.79
BNDE 5 89	75	78	78½	−1	−0⅛	8.46
BMW Overseas 4¾ 91	100	86½	87	−0¼	+2⅛	5.86
Caisse Nat Tele. 4¾ 89	100	84½	85	−0½	+1	6.60
CCCE 5¾ 90	100	96	96½	−1	+2	6.27
Copenhagen 4½ 91	60	77	77¾	−1⅛	+1⅛	7.50
Council of Eur. 5 89 ...	100	88¼	88¾	−1¾	+3¼	6.65
EIB 4½ 91	100	77⅞	78⅜	−0⅛	−1⅛	7.44
EIB 4¾ 94	100	79	79½	−0⅛	+0½	6.66
Elet. de France 4¾ 89...	100	86½	87	0	+0½	6.29
GZB 4¼ 89	100	84¼	84¾	−0⅛	−0⅞	6.49
Hilti 4½ 91	35	†88½	89	−1½	+3¾	5.59
Int.-Amer Dev. 4½ 89	100	81	81½	−0½	+0⅞	7.33
Jutland Tele. 5½ 90	60	95	95½	+0⅛	+1⅞	6.14
Malaysia 5 89	80	84⅜	85⅛	−0½	+1¼	7.27
Nippon Tel. & T. 4¾ 89	100	85½	85¾	−0⅛	+1⅛	6.34
Nordic Bank 5 89	45	87½	88	−1	−0½	6.81
Norges Komm. 4¾ 91...	100	80½	81	0	+0½	6.84
OKB 3¾ 91	100	74¾	75¼	−1¼	−0½	7.11
OKB 4⅛ 91	100	80¼	80¾	−0⅛	+0⅛	6.88
OKB 6 90	100	98⅛	98⅝	−1⅛	−0⅞	6.22
Oslo, City of 4⅛ 91 ...	100	79½	80	−0⅛	+0½	6.98
Shikoku El. Pwr. 4⅛ 89	100	88⅜	88⅞	−0⅛	+3⅛	6.39
Staweag 4¾ 91	60	84	84¾	−0½	+0⅛	6.77
Voest-Alpine 4¾ 89 ...	90	85	85½	−1½	−0⅛	6.98
World Bank 4⅛ 89	100	85	85½	−2	−0⅛	6.80
World Bank 4½ 89	150	81	81½	−0½	+1	7.16
World Bank 4⅛ 91	100	80¾	81¼	+0¼	+0⅛	7.08

Average price changes . On day −0½ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	81¾	82¾	0	+2	12.02
Australia 6½ 88	20	72⅞	73⅜	0	+0⅛	11.74
EIB 7¼ 89	12	79½	80½	0	0	11.29
Finland 5.6 83	10	80	81	+0⅛	−2	12.65
Finland 6.8 88	10	74	75	−0⅛	−0⅞	11.83

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin 10¼ 86 C$ ...	25	78¾	79¼	−0⅛	−0⅛	15.76
Bell Canada 10¼ 86 C$	60	85⅛	85⅝	0	0	14.28
Cr. Foncier 10¾ 84 C$	30	84½	85⅛	−0⅛	−0⅛	15.10
Ex. Dev. Cpn. 10 84 C$	50	85⅛	85⅞	−0⅛	−0⅛	14.89
Fst. Can. Inv. 10 84 C$	50	84⅝	85⅛	−0⅛	−0⅛	15.18
Hudson Bay 10½ 89 C$	60	78	78½	0	+0⅛	15.05
Quebec 10¼ 86 C$	50	82⅜	84⅛	0	+1	14.61
R. Bk. Canada 10 86 C$	40	84⅝	85⅛	0	0	13.80
R. Bk. Canada 10 94 C$	40	75¼	75¾	0	0	14.05
Copenhagen 8¾ 91 EUA	20	87	89	0	−0⅛	10.59
M. Bk. Dnmk. 9 91 EUA	25	89½	91	0	−2⅛	10.47
SOFTE 8¾ 89 EUA	40	82	84	0	+1⅛	11.36
U. Bk. Nrwy. 9¾ 90 EUA	18	97½	98½	0	−0⅛	9.82
Algemene Bk. 8¼ 84 Fl	75	91⅞	92⅛	+0⅛	+0⅛	10.60
Ned. Gasunie 8¾ 84 Fl	50	90⅜	90⅞	+0⅛	+1	11.85
Ned. Middbk. 8¾ 84 Fl	75	90⅜	90⅞	+0⅛	+1⅛	11.34
Norway 8¾ 84 Fl	100	90⅞	91⅛	−0⅛	+0⅛	11.23
Norway 8¼ 84 Fl	100	91⅛	91⅞	−0⅛	+0⅛	10.70
Philips Lamps 8¾ 84 Fl	75	91⅞	92⅛	+0⅛	+0⅛	10.96
Air France 11 84 FFr	120	90¼	90⅞	+0⅛	+1⅛	13.96
CECA 14¼ 86 FFr	150	99	99½	+0⅛	+0⅞	14.45
Euratom 9¾ 87 FFr	150	80	81	+0⅛	+0⅛	14.25
Finland 11 84 FFr	80	88⅞	89⅜	+0⅛	+0⅛	14.45
Finland 11½ 89 FFr	70	84⅛	84⅞	+0⅛	+0⅛	14.57
Gaz de France 11 84 FFr	150	90	91	+0⅛	+0⅛	13.89
IBM France 11⅞ 84 FFr	120	90⅜	90⅞	+0⅛	+0⅛	14.75
Renault 9¾ 85 FFr	100	81⅞	82⅜	+0⅛	−0⅛	14.80
Saint-Gobain 9¾ 86 FFr	130	80⅜	81⅛	+0⅛	+0½	14.64
Solvay et Cie 9¾ 87 FFr	125	76⅜	77⅛	0	−0⅛	15.27
Citicorp O/S 13½ 90 £	50	90⅜	91	0	+0⅛	15.38
EIB 11¾ 91 £	25	81¾	82¼	−0¼	+0⅛	14.84
Finance for Ind. 13 91 £	15	87½	88½	0	+0⅛	15.32
Fin. for Ind. 12½ 89 £	30	85⅜	86⅛	0	+0⅛	15.34
Fin. for Ind. 14½ 88 £	20	95	96	0	−0⅛	15.51
Gen. Elec. Co. 12½ 89 £	50	89⅜	90	−0⅛	+0⅛	14.64
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.75
Mitsubishi 7¾ 84 KD	10	†89⅞	90½	−0⅛	−2⅛	10.51
Norges Kom. 7½ 89 KD	12	†93⅞	94⅛	+0⅛	+0⅛	8.44
Occidental 8¾ 91 KD ...	7	†90⅜	90⅞	0	0	9.68
Akzo 9¾ 87 LuxFr	500	83⅞	84⅛	+0⅛	+0⅛	12.60
Euratom 8 87 LuxFr	500	77⅞	78⅜	+0⅛	+0⅛	12.95
Euratom 9¾ 88 LuxFr	500	87⅜	88⅜	+0⅛	+0⅛	12.18
EIB 9¾ 88 LuxFr	600	89⅞	90⅞	0	+1⅛	11.68
Volvo 9¾ 87 LuxFr	500	86½	87½	+0⅛	+0⅛	12.45

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	96⅛	97	2/7	15⅛	15.65
Banco di Roma Int. 6 87	0⅛	98⅜	99⅛	26/4	15⅛	15.93
Bank of Ireland 5¼ 89	‡0⅛	96⅜	97⅛	21/5	16⅛	16.62
Bank of Tokyo 5¾ 89	‡0⅛	97	97½	25/4	14.56	14.97
Barclays O/S Inv. 5 90	0⅛	96⅛	97⅛	13/6	14⅛	14.73
Bergen Bk. A/S 6 89	‡0⅛	96½	97⅛	29/5	17⅛	17.81
Bque. Indo Suez 5¼ 89	0⅛	96⅜	97⅛	11/7	14.69	15.14
Citicorp O/S F. 6 94	‡0⅛	99	99½	8/8	18.81	18.95
Citicorp O/S F. 83	§‡0	99	99½	23/5	16.06	16.18
Citicorp O/S F. 84	‡0	99¼	99¾	30/5	16.94	17.02
C. Itoh 5¼ 87	0⅛	98⅛	98⅞	18/9	19.44	19.71
Co-operative Bk. 6 85	0⅛	97⅛	97⅝	15/5	15.06	15.45
Creditanstalt 5½ 91	§‡0⅛	98⅛	98⅞	14/8	18.44	18.69
CNT 5¼ 86	§0⅛	99⅛	99⅝	16/4	15.13	15.28
GZB 5½ 89	‡0⅛	97⅛	97⅝	1/5	14⅞	15.00
Jugobanka 8 89	0⅞	92	93	23/5	16	17.30
Ind. Bank Japan 5¼ 87	0⅛	98	98½	15/4	14⅛	14.50
LTCB Japan 5¼ 86	0⅛	96⅜	97⅛	13/8	14⅛	14.71
LTCB Japan 5½ 89	0⅛	96⅜	96⅞	7/8	14.19	14.72
Mfrs. Han. O/S 5¼ 94	‡0⅛	98⅜	98⅞	30/5	17⅛	17.36
Midland Intl. Fin. 5 89	0¼	97⅛	98⅛	20/6	15	15.33
Nacional Fin. 6¼ 86	0⅛	96½	97	25/7	14.69	15.18
Nat. West. 5¼ 94	§0⅛	97⅛	98⅛	11/4	14.94	15.26
Nippon Credit 6½ 86	0⅛	95⅜	95⅞	12/7	14.44	15.10
Nippon Credit 5¼ 87	0⅛	97	97½	6/6	14.69	15.10
Royal Bk. Scot. 5¼ 94	§‡0⅛	98⅛	98⅞	11/4	14⅛	14.83
Soc. C. de Bque. 6½ 87	0⅛	97½	98⅛	3/4	13⅛	13.54
Sogenal 5¼ 89	§0⅛	96½	97	13/7	14.44	14.92
Standard Chart. 5¾ 90	0⅛	97⅛	98⅛	6/9	17⅛	17.62
Sweden 5¼ 91	‡0⅛	†96⅞	97	18/4	14.44	14.90
TVO Pwr. 9 91 (D-lock)	0⅛	96⅛	97⅛	24/5	15.31	15.81
Williams & Glyn 5¼ 91	0⅛	97½	98	14/6	18⅛	18.93
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	88	88½	18/6	6.69	7.58

Average price changes.. On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7½ 89	10/79	145	†101	102	0	−8.63
Ajinomoto 7⅛ 95	2/80	618	85½	86½	+0⅛	−0.84
Alco Int. Fin. 9½ 94	1/80	40	†82⅜	83⅜	−0⅛	24.49
Asahi Optical 7 94	11/78	505	78⅛	79⅛	0	14.78
Canon 6⅞ 94	8/79	570	94⅛	95⅛	+0⅛	8.53
Ciba-Geigy O/S F. 4 94	9/79	675	61⅛	62⅛	+0⅞	0.91
Credit Suisse 4¼ 93	10/79	1325	83⅛	84⅛	+0⅛	−4.36
Daiei Inc. 6¼ 94	11/79	1020	87½	88	−0⅞	34.94
Enserch Fin. 9⅛ 94	7/80	30.25	99⅛	100⅛	+1⅛	7.66
LPC Internatnl. 8 89	9/79	23.33	86⅞	87⅞	+3⅛	15.48
Meidensha Elec. 7 94	12/79	210	†84⅛	85⅛	+0⅛	11.29
Mitsubishi Cp. 6½ 94	10/79	604	110⅜	112⅛	−0⅛	26.58
Nippon Seiko 7⅛ 94	12/79	339	93⅛	94⅛	−0⅛	−1.08
Nitto Elec. Ind. 6 94	7/79	735	†81⅛	83	0	−1.62
Toshiba Cpn. 7⅛ 94	10/79	198	85⅛	86⅛	+0⅛	8.00
Union Bk. Switz. 5 89	2/80	125	82⅛	83⅛	−0⅛	−48.96
Fujitsu 5 84 DM	7/79	475	89⅛	90⅛	+1	12.63
Kansai Elec. 4 84 DM	4/79	1234	81⅛	82⅛	+1	50.22
Tokyu Ld. Cp. 4 86 DM	4/79	493	71	72	0	42.47
Uny Co. 6½ 85 DM	11/79	1071	86⅛	87⅛	0	33.88

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
April 3	86.39	12.30	72.95	12.93
Mar. 28	86.40	12.29	73.05	12.92
High '80	91.03	(2/1)	89.19	(2/1)
Low '80	86.32	(2/4)	71.54	(29/2)

EUROBOND TURNOVER (nominal value in $m)

U.S. $ bonds	Cedel	Euroclear
Last week	938.6	1,947.6
Previous week	893.0	2,128.1
Other bonds		
Last week	260.9	254.4
Previous week	185.4	250.6

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.)—London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on April 3

WORLD STOCK MARKETS

Dow 8.2 weaker at mid-day

CONTINUING CONCERN about the U.S. economic outlook kept Wall Street under pressure throughout yesterday morning, with stocks moving lower over a broad front in moderate trading.

The Dow Jones Industrial Average weakened 8.19 to 775.94 at noon, while the NYSE All Common Index lost 66 cents to $57.29 and declines outscored rises by a three-to-one majority. Turnover came to 16.89m shares, compared with last Thursday's midday figure of 17.39m.

Congressional Budget director Alice Rivlin said over the Easter weekend that the coming U.S. recession will probably be worse than most people expect. Additionally, interest rates are expected to remain high, with the Prime rate possibly moving above the current record level of 20 per cent.

Airline stocks generally retreated. Analysts were reported to be expecting first-quarter losses for most of the group and full-year deficits for many Airline companies. UAL shed ⅝ to $17¼, Delta ½ to $34½ and Eastern ⅜ to $7¼, but Pan-American put on ⅛ to $4⅛. Pan-Am has obtained tentative approval to continue its London-Miami route.

THE AMERICAN SE Market Value Index lost 3.81 to 233.20 at midday. Volume 1.64m shares (1.58m).

Canada

Shares mainly lost further ground in light early dealings yesterday, the Toronto Composite Index receding 14.2 to 1,7793.3 at noon. The Oil and Gas Index retreated 61.8 to 3,825.5 and Metals and Minerals 27.7 to 1,798.4.

Oils led prices lower as Husky Oil fell 2¼ to C$80¼, Hudson's Bay Oil C$2 to C$112¼ and Gulf Canada 1½ to C$128¾.

Tokyo

The market continued to show a firmer bias yesterday in fairly active trading, with the dollar's sharp rise against the yen not having a marked adverse affect on sentiment.

The Nikkei-Dow Jones Average, after gaining 15.27 more in Saturday's half-day session, yesterday advanced a further 33.15 to 6,737.06. The Tokyo SE index added 0.91 at 458.87, while volume on the First Market section amounted to 360m shares, against the Saturday morning session total of 260m.

Most Oils, Trading Houses and Chemicals and some speculatives advanced afresh, with Teikoku Oil climbing Y30 to Y1,180, Nippon Oil Y80 to Y2,290, Arabian Oil Y190 to Y3,320, Nippon Soda Y20 to Y469 and Toa Nenryo Y39 to Y895. Among Trading Houses, Mitsubishi moved ahead Y21 to Y653 and Marubeni Y13 to Y379, but Mitsui, Y345, lost Y8 of the recent rise.

Among export-orientated issues, Sony rose Y50 to Y579, but and Honda Y10 to Y579, but Yamaha Motor receded Y21 to Y850.

CANADA

Stock	April 3	April 2
Abitibi	19⅝	19⅜
Agnico Eagle	10⅝	10⅞
Alcan Alumn	31⅛	31¾
Algoma Steel	32½	33
Asbestos	32	33
Bk Montreal	22⅞	23
Bk Nova Scotia	23⅛	23⅛
Basic Resources	13½	13¼
Bell Canada	17⅞	18
Bow Valley	46⅛	46⅝
BP Canada	42½	42⅛
Brascan A	25⅝	26⅛
Brinco	8	8
B.C. Forest	24½	25½
Cadillac Fairv	18⅛	18⅛
Camflow Mines	17	17
Can Cement	11¼	11¼
Can NW Lands	18¼	18
Can Packers	31	31
Can Perm Mtg	16	16
Can Trustco	19½	19½
Can Imp Bank	23¼	23¼
Cdn Inds	25¾	25¾
Cdn Pacific	37¼	37⅞
Cdn Pacific Inv	39¼	40⅛
Can Super Oil	225	226
Cdn Tire	25	25¼
Cherokee Res	10⅞	10½
Chieftain	27½	29¼
Cominco	58½	58½
Cons Bathst A	15⅝	15¼
Consumers' Gas	24⅜	24½
Coseka Res	17½	18
Costain	7½	7½
Daon Devel	4.90	5.00
Denison Mines	40⅝	40¼
Dome Mines	61½	63½
Dome Petroleum	62¾	64⅝
Dom Bridge	15¾	15¾
Dom Foundries A	33½	33
Dom Stores	17¼	17¼
Domtar	25⅝	23½
Falcon Nickel A	91½	95½
Genstar	26½	26⅝
Gt-West Life	150	150
Gulf Canada	130	130

BELGIUM (continued)

April 3	Price Frs.	+ or —
Petrofina	4,760	+15
Royale Belge	5,130	—40
Soc Gen Banq	2,450	—30
Soc Gen Belge	1,374	......
Sofina	3,230	+130
Solvay	2,310	+10
Traction Elect	2,380	+40
UCB	1,244	—4
Union Miniere	784	+28
Vieille Mont	1,350	+30

DENMARK

April 2	Price Kroner	+ or —
Andelsbanken	124.5	......
Baltica Skand	285	+1.5
Burm & Wain	55.50	+0.75
Cop Handelsbnk	104	......
D Sukkerfab	208	—0.75
Danske Bank	102	......
East Asiatic	110.50	+0.5
Finansbanken	162.25	+0.25
Forenede Brygg	216	......
Forende Dampsk	154	+2
GNT Hldg	156.75	......
Nord Kabel	149	+1
Novo Ind	236	+1.50
Papirfabrikker	101.50	+0.25
Privatbanken	106.5	......
Provinsbanken	107	......
Smidth (FL)	265	+1
S Berendsen	341	+1
Superfos	104.75	+0.75

FRANCE

April 3	Price Frs.	+ or —
Emprunt 4½% 1973	1,832	+3
Emprunt 7% 1973	6,070	+75
CNE 3%	3,730	+5
Afrique Occid.	364	+9
Air Liquide	490	+3
Aquitaine	1,240	+16

AUSTRIA

April 3	Price %	+ or —
Creditanstalt	336	......
Landerbank	338	......
Perlmooser	265	—1
Semperit	100	......
Steyr Daimler	250	......
Veitscher Mag	325	—8

BELGIUM/LUXEMBOURG

April 3	Price Fls.	+ or —
ARBED	2,176	+70
Banq Ind a Lux	5,400	......
Bekaert B	1,870	......
Ciment CBR	990	+4
Cockerill	285	+9
EBES	1,925	......
Electrobel	6,380	......
Fabrique Nat	3,835	—15
GB.Inno	2,285	+10
GBL (Brux L)	1,440	+2
Gevaert	1,020	+8
Hoboken	2,550	+50
Intercom	1,478	—8
Kredietbank	5,400	......
Pan Holding	3,520	......

GERMANY (continued)

	Price Dm.	+ or —
Degussa	242	......
Demag	125	—1.5
D'sche Babcock	223	+2
Deutsche Bank	232.5	+1.5
DU Schult	153.00	......
Dresdner Bank	167.2	+0.2
Dyck Zement	130	—5
GHH	200	—0.8
Hapag Lloyd	75	......
Hoechst	112.5	+0.2
Hoesch	29.3	—0.3
Holzmann (P)	364	—2
Horten	129.5	—0.5
Kali und Salz	154	......
Karstadt	222.5	—1.2
Kaufhof	180.5	—2.5
KHD	220	......
Kloeckner	43.2	+0.2
Krupp	63	......
Linde	281.5xr	+1.5
Lufthansa	76	—1.5
MAN	179.5	......
Mannesmann	121.1	—0.2
Mercedes Hlg	214	+0.5
Metallgesell	252.5	+1.5
Muench Ruck	560	+5
Preussag	189.5	+0.5
Rhein West Elect	167.5	+0.2
Rosenthal	240	......
Schering	176	—1
Siemens	249.6xd	+0.6
Thyssen	80	......
Varta	148	......
Veba	144.8	—1.2
Verein-West	*269	......
Volkswagen	179.2	+2.2

SWEDEN (continued)

	Price Kronor	+ or —
Tandstik	86	......
Uddeholm	65	—1
Volvo	79.5	......

SWITZERLAND

April 3	Price Frs.	+ or —
Alusuisse	1,160	+25
Brown Boveri	1,610	—15
Ciba-Geigy	985	—10
do (Part Certs)	760	—10
Credit Suisse	2,150	......
Elektrowatt	2,180	+15
Fischer (Geo)	790	......
Hoff-RochePtCts	55,000	......
Hoff-Roche 1/10	5,475	......
Interfood	5,025	+100
Jelmoli	1,260	+15
Landis & Gyr	1,285	+5
Nestle	3,140	......
Oer-Buhrle	2,515	+15
Pirelli	257	+1
Sandoz (Br)	3,550	......
Sandoz (Pt Cts)	429	—1
Schindler(Pt Cts)	245	+5
Swissair	755	+8
Swiss Bank	376	+4
Swiss Reinsce	5,375	+35
Swiss Volksbk	1,760	......
Union Bank	3,200	+25
Winterthur	2,030	......
Zurich Ins	12,900	......

HOLLAND

April 3	Price Fls.	+ or —
ACF Holding	67.0	+1.8
Ahold	77.0	+2.8
AKZO	23.3	+0.7
ABN	264.5	+3.5
AMEV	92.5	+3.5
AMRO	54.8	+1.3

AUSTRALIA

April 3	Price Aust. $	+ or —
ANZ Group	4.35	......
Acrow Aust	1.00	......
Allstate Expl	1.20	—0.05
Ampol Pet	1.05	—0.01
Assoc. Pulp Pap.	1.82	+0.02
Audimco	0.30	+0.03
Aust Cons Ind	2.02	......

JAPAN (continued)

April 7	Price Yen	+ or —
Kubota	365	......
Kumagai	343	......
Kyoto Ceramic	3150	—30
Lion	331	+1
Maeda Cons	442	—1
Makita	990	—5
Marubeni	379	+13

JAPAN

April 7	Price Yen	+ or —
JAL	2,350	+10
Jusco	690	......
Kajima	275	+1
Kao Soap	397	+7
Kashiyama	495	+2
Kikkoman	368	—5
Kirin	401	+1
Kokuyo	1,000	......
Komatsu	370	—5
Komatsu F'lft	660	—5
Konishiroku	448	+6

BRAZIL

April 7	Price Cruz	+ or —
Banco Brasil	2.78	+0.05
Belgo.Min	3.78	+0.08
Lojas Amer	2.46	—0.03
Petrobras PP	2.73	—0.07
Pirelli	2.30	......
Souza Cruz	3.40	......
Unip PE	6.80	+0.05
Vale Rio Doce	8.00	+0.40

T'over Cr.643.0m. Vol. 181.9m.
Source: Rio de Janeiro SE.

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

APPOINTMENTS

Timber group directors in moves

CONTINENTAL OIL COMPANY LIMITED has appointed Mr. Terry Moore as general manager, supply and distribution, crude oil and products. He has been elected to the board of the company and becomes a managing director of Conoco Limited.

★

Mr. H. Sherwood and Mr. R. W. Moore (directors of Parker Timber Group) have joined the Board of the SABAH TIMBER COMPANY and Mr. T. Prentice and Mr. T. D. Preston (directors of Sabah Timber) have become directors of PARKER TIMBER GROUP. Both companies are subsidiaries of Harrisons and Crosfield, of which Mr. Prentice is chairman. Mr. G. H. Sallis has been appointed a director and Mr. B. T. Joyce, an alternate director, of Sabah Timber. Mr. J. I. Gammie has relinquished his directorship of Sabah Timber but continues as adviser to the company on training matters.

★

Mr. R. W. Warner has been appointed a director of MORGAN GRENFELL FINANCE.

★

Mr. Geoffrey Barnfield, a director and general manager of MIDLAND ASSURANCE, has resigned his executive office because of ill-health, but remains associated with the Eagle Star group as a non-executive director of Midland Assurance.

★

Mr. Neville Ayres has been appointed production director of WEIR ELECTRONICS, a member of the Unitec Group.

★

From May 1, Mr. John Cryer, financial director of TRANSWORLD PUBLISHERS, becomes deputy managing director and Mr. Ray Maskery joins the company as financial director. Mr. Maskery was, until recently, joint managing and finance director of Penguin Publishing.

★

Mr. A. Ross Belch, retiring chairman and managing director of Scott Lithgow, has been appointed a director of ASSOCIATED BRITISH ENGINEERING.

★

Mr. Anthony A. Belisario has been appointed production director of DOWTY HYDRAULIC UNITS.

★

Mr. W. G. Dawson, managing director of ATKINS OF HINCKLEY, has become chairman. He succeeds Mr. D. Styles, who has retired from the chairmanship but remains on that Board and continues as chairman of Atkins Brothers (Hosiery), the parent company.

★

Mr. R. E. Artus, Mr. A. G. Ellinger, Mr. P. W. Freeman, Mr. S. Wainwright, Sir Henry Warner and Mr. D. Weaver have been elected first Fellows of the SOCIETY OF INVESTMENT ANALYSTS.

★

Mr. Michael A. Hynes has been appointed to the Board of BUTTERFIELD-HARVEY as group financial director. Mr. Hynes was formerly finance director of Rank Xerox and Rolls-Royce (1971).

★

Mr. W. M. Cockerill has retired as a director of CASTINGS.

★

The Earl of Crawford and Balcarres has been appointed FIRST CROWN ESTATE COMMISSIONER in succession to Lord Thomson of Monifieth, who will be retiring on August 31.

★

Mr. G. W. Berrill has been appointed a director of ALEXANDER HOWDEN INSURANCE BROKERS.

★

Mr. J. P. Landrigan, executive director, finance, of CONSOLIDATED GOLD FIELDS AUSTRALIA, is to resign from the Board and from his executive position on June 30.

★

Mr. Graham Ford has been appointed a director of BROWN SHIPLEY INSURANCE SERVICES.

★

Mr. H. J. Foulds has been appointed a director of H. BRAMMER AND CO. in a non-executive capacity. Mr. Foulds is a director and general manager of Finance for Industry.

★

Mr. Ingmar Wendschlag and Mr. David W. Parker have been appointed additional directors of EKMAN CLEAVE. Mr. Wendschlag is president of Ekman International A.B. of Gothenburg, which has a controlling interest in Ekman Cleave.

★

Mr. Brian G. Cunningham has been appointed managing director of HUGH SMITH (GLASGOW), a Low and Bonar Company, following the retirement of Mr. Alexander Robertson.

★

Mr. G. G. Watson has been appointed a director of RICHARDS LONGSTAFF (PENSION AND TRUSTEE).

★

PORTALS HOLDINGS has appointed Mr. K. J. Daniells as president of Water Treatment Inc., and chairman of the Wright Chemical Corporation (the Portals Water Treatment North American subsidiaries). Mr. J. G. Jennes has become managing director of Houseman (Burnham) in succession to Mr. Daniells.

★

Mr. P. J. Jeffcote, Mr. A. C. W. Peck, Mr. F. G. Sandison, Mr. G. L. B. Darlington and Mr. A. M. V. Salz become partners in FRESHFIELDS on May 1. Mr. G. B. Nicholson, who is at present in the firm's New York office, is to be a partner on his return to London.

★

Mr. Martin J. Hesse has been appointed to the Board of WIGHAM POLAND REINSURANCE BROKERS.

★

Mr. H. Black has been appointed an executive director of RICHARDSONS WESTGARTH AND CO. He was previously managing director of the Richardsons Westgarth Group's Burgess companies. Mr. K. Tidd has become managing director of Burgess and Co. (Engineers) and of B. and E. Boilers and Mr. J. Crewe has been made managing director of Burgess and Co. (Engineers' Supplies).

★

Mr. R. Hanbury-Tenison has been appointed a regional director of the South Wales regional Board of LLOYDS BANK, which sits at Cardiff under the chairmanship of Mr. George M. Williams.

★

Mr. J. D. T. Kirk has been appointed a director of PARSONS BROWN AND NEWTON.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

YESTERDAY

DIVIDEND & INTEREST PAYMENTS—
Agric. Mort. Cpn. Variable Rate Bds. 1/10/82 £7.4375.
Barr (A. G.) 3p
Brown and Tawse 1.4p
Cap. and Nat. Tst. 1.75p
Dewhurst and Partner Ord. and A Ord. 0.601p
Francis Inds. Ln. 4½pc
Polymark Intnl. 1.8p
Press Tools 0.95p
Sandeman (Geo. G.) 2p
Scottish and Newcastle Brews. 1.5p.
Smallshaw (R.) (Knitwear) 1.25p
Stonehill 4p
Utd. Scientific 4p
Victor Prods. (Wallsend) 1.5p

TODAY

COMPANY MEETINGS—
Anglo Intnl. Inv. Tst., 20 Cannon St., E.C., 12.00
Davies and Metcalfe, Injector Works, Romiley, Stockport, 12.30
Neil and Spencer, R.A.C. Country Club, Woodcote Park, Epsom, Surrey, 12.00

BOARD MEETINGS—
Finals:
Barton & Sons
East Rand Consolidated
Erith
Rowan & Boden
Small (John C.) & Tidmas
Interim:
Highland Distilleries

DIVIDEND & INTEREST PAYMENTS—
Acrow Ord. and A 1.5p
Anglo Intnl. Inv. Tst 3p
Ashley Industrial Tst. 1.2p
Benn Bros. 1.1p
Berisford (S. and W.)
Bogod-Pelepah Ord. 0.19, Do. A Rest.-V Ord. 0.38p
British Assets Tst. 0.8p
Brown (John) 1.75p
Centreway 4p
Centreway Tst. 2p
City Offices 1.7p
Countryside Props. 2.1p
Dale Electrical Intnl. 1.4p
Davy Cpn. 2p
Denmark (Kingdom of) 5½pc 20-yr. Ext. Ln. 1964 2¾pc
Douglas Robert (M.) 1.1p
Downs Surgical 0.8p
English China Clays 2.8825p
Foreign and Colonial Inv. Tst. 1.95p
Henlys 6.1p
Intnl. Timber Cpn. 3.3p
Lynton 1.2p
M. L. 2p
Macarthys Pharmaceuticals 2p
Manchester Ship Canal 10.88p
Pleasurama 4p
Pratt (F.) Eng. 3.8p
Prestige Grp. 4.375p
Ransom (Wm.) 1.427p
Robeco (N.V.) (B.R.) Fl.9. Do. Sub. (Reg. in name of Nat. Prov. Bk.) (Nomo.) Fl 0.9, Do. Sub. (Reg. in other names) Fl 0.9
Saatchi and Saatchi 2.68p
Sharpe (Charles) 4.12p
Steinberg 0.32p
Sterling Tst. 5.6p
Stoddard Ord. and A 0.556p
Sundsvallsbanken Floating Rate Cap. Notes due 1985 $U.S.69.15
Trusthouse Forte 6p
Viking Resources 1.32p
West Coast and Texas Reg. Inv. Tst. 1.25p

TOMORROW

COMPANY MEETINGS—
Anglo-American Secs., Bucklersbury Hse., 3 Queen Victoria St., E.C., 2.45
Gillette Bros., Discount, 65, Cornhill, E.C., 12.30
Kode Intnl., Kode House, 43, Bath Rd., Swindon, Wiltshire, 12.00
Western Selection and Development, 25/35, City Road E.C., 12.00

BOARD MEETINGS—
Finals:
Ash & Lacy
Blackwood Hodge
Croda International
Danish Bacon
Dreamland Electrical Appliances
Empire Stores
Gill & Duffus
Greenbank Industrial
Guardian Royal Exchange Assurance
Helene of London
Jerome (S.)
Pearl Assurance
Ruberoid
Triplevest
Vitatron
Interims:
Ferry Pickering
North Atlantic Securities
Peters Stores
Startrite Engineering

DIVIDEND & INTEREST PAYMENTS—
Assctd. Fisheries 0.75p
Austin (James) Steel 1.67p
Campari Intnl. 1.9p
Continuous Stationery 0.9p
Drake and Scull 1.5p
Dyson (J. and J.) Ord. and A Ord. 2.5p
Gelfer (A. and J.) 1.5p
Gillette Bros. Discount 3.6p
Hirst and Mallinson 1.3p
Hoffnung (S.) 1.485p
Jackson (J. R. H. B.) 0.75p
Jones Stroud 2p
Meldrum Inv. Tst. 2p
Tribune Inv. Tst. 1.68p
Utd. Gnt. Ord. Units 0.266p
Whatlings 1p

THURSDAY APRIL 10

COMPANY MEETINGS—
Adams and Gibbon County Hotel, Newcastle-upon-Tyne, 11.00
Gen. Funds Inv. Tst., Regis House, King William St., E.C., 12.30
Ladies Pride Outerwear, Allen House, Newarke St., Leics., 11.45
Lloyds Bank, 71, Lombard St. E.C., 3.00
Provident Fin. Grp., Norfolk Gdns. Hotel, Hall Ings, Bradford, West Yorks., 12.00
Rhod. Cpn., 25/35, City Rd., E.C., 12.00
St. Andrew Tst., 29 Charlotte Square, Edinburgh, 12.30

BOARD MEETINGS—
Finals:
Alva Inv. Tst.
Aquascutum
Associated Biscuit Manufacturers
Aurora
BPC
Boustead
Bowater
Brown & Jackson
Christies International
General & Commercial Inv. Tst.
General Investors & Trustees
Grampian Holdings
Greens Economiser
KCA International
Ladbroke
Lead Industries
Minet
Rovco
Selection Trust
Sykes (Henry)
Taylor Woodrow
Interim:
Burgess Products

DIVIDEND & INTEREST PAYMENTS—
Aaronson Bros., 3p
Avana 1p
Bevan (D. F.) 0.5p
British Elec. Traction Dfd. Ord. 1.863p
Browning-Ferris 17½ cts.
Canal Randolph Cpn., 16 cts.
Courts (Furnishers) Ord. and A 1.75p
Diploma 2.5p
Firth (G. M.) (Metals) 1.5p
Gen. Funds Inv. Tst. 4.6p
Johnson Cleaners 4.4p
M. and G. Far Eastern and Gen. Fund Inc. Units 0.41p
Medminster 1.1p
Murray Glendevon Inv. Tst. 0.8p
Scottish Eastern Inv. Tst. Db. 3½pc
Staffordshire Potteries 1.13p
Stakis (Reo) Org. 1.366p
United Real Prop. Tst. 1.25p
Wholesale Fittings 4p

FRIDAY APRIL 11

COMPANY MEETINGS—
Alliance Tst., Meadow House, 64, Reform St., Dundee, 11.30
British American and Gen. Tst., 20, Fenchurch St., E.C., 11.30

BOARD MEETINGS—
Finals:
Clarke, Nickolls & Coombs
Hambro Life Assurance
Lyle Shipping
Sparrow (G. W.)
Stewart Wrightson
Interims:
Adwest
"W" Ribbons

DIVIDEND & INTEREST PAYMENTS—
Alcan Aluminium (U.K.) 3.3p
Caledonian Assctd. Cinemas 4.9pc Pf. 2.45 cts.
Camford Eng. 2.84p
Cray Electronics 0.57p
Kode Intnl. 4.369p
Ladies Pride Outerwear 2p
Nat. Westminster Bk. Floating Rate Notes due 1994 $U.S.75.93
Rhodesian Cpn. 0.56p
Royal Bank of Scotland Floating Rate Cap. Notes due 86-94 7⅞pc
Zetters 0.75p

هكذا من الأصل

Companies and Markets

CURRENCIES, MONEY and GOLD

The other side of the coin

BY COLIN MILLHAM

Gold coins are an attractive investment for UK residents, in comparison with a bar of gold, because much less money is required to get involved in the coin market, and coins do not attract the 15 per cent value added tax payable on gold bars.

An investor who is simply interested in buying a relatively small quantity of gold at the most favourable price is most likely to buy krugerrands, first minted by South Africa in 1967, or the newer Canadian equivalent, the Mapleleaf, which also contains one ounce of pure gold.

These are turned out in large quantities, and may soon be joined by a similar Australian coin, as the major gold producing countries move into this lucrative market. The USSR also mints coins in this category, and Mexico has launched an intensive campaign to promote its coins in the U.S.

The sharp rise in the value of gold has also encouraged the producers to market much smaller coins. South Africa should soon be selling half ounce, quarter ounce and one tenth ounce coins to maintain its position and encourage sales to the jewellery trade.

These coins are simply an extension of the bullion market, but there is another group, which has numismatic appeal,

GOLD

	April 3		April 2	
Gold Bullion (fine ounce)				
Close	$475-480	(£222½-225)	$498-504	(£230¾-233¾)
Opening	$485-490	(£225½-228)	$498-504	(£231¾-234¾)
Morning fixing	$491.25	(£228.520)	$498	(£232.027)
Afternoon fixing	$485.75	(£226.887)	$500.50	(£232.143)
Gold Coins				
Krugerrand	$495-501	(£230½-233½)	$513-518	(£238-241)
Mapleleaf	$490-500	(£228-233)	$505-515	(£24-239)
New Sovereigns	$123-126	(£57-59)	$128-131	(£59¼-60¾)
King Sovs	$146-150	(£68-71)	$148-151	(£68-71)
Victoria Sovs	$146-150	(£68-71)	$148-151	(£68-71)
French 20s	$122-125		$124-128	
50 pesos Mexico	$595-605		$622-628	
100 Cor. Austria	$470-480		$488-498	
$20 Eagles	$594-599		$605-615	
$10 Eagles	—		—	
$5 Eagles	—		—	

OTHER CURRENCIES

April 3	£	$		£ Note Rates
Argentina Peso	3752-3772	1748-1755	Austria	29.90-30.20
Australia Dollar	19935-1.9975	0.9320-0.9325	Belgium	69.30-70.00
Brazil Cruzeiro	99.78-100.78	46.60-46.80	Denmark	12.98-13.06
Finland Markka	8.33-8.34	3.9215-3.9235	France	9.58-9.64
Greek Drachma	90.299-924.27	41.50-41.70	Germany	4.18-4.21
Hong Kong Dollar	10.90½-10.92½	5.0810-5.0860	Italy	1925-1980
Iran Rial	n/a	n/a	Japan	553-558
Kuwait Dinar(KD)	0.590-0.600	0.2756-0.2767	Netherlands	4.54½-4.57½
Luxembourg Frc.	67.20-67.30	31.42-31.44	Norway	11.09-11.17
Malaysia Dollar	4.9540-4.9600	2.3068-2.3095	Portugal	107⅛-112⅛
New Zealand Dlr.	2.2250-2.3000	1.0730-1.0740	Spain	153¼-160¼
Saudi Arab. Riyal	7.10-7.20	3.3285-3.3335	Sweden	9.63-9.69
Singapore Dollar	4.9275-4.9375	2.2965-2.2995	Switzerland	3.98-4.01
Sth. African Rand	1.7315-1.7325	0.8095-0.8100	United States	2.136-2.146
U.A.E. Dirham	7.97-8.07	3.7350-3.7400	Yugoslavia	50½-52¼

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.95-19.05 per cent; three-months 19.20-19.30 per cent; six months 19.15-19.25 per cent; one year 17.40-17.50 per cent.

April 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17½	18⅛-18¾	8⅛-9⅛	10⅜-10⅝	5-25	8⅛-8⅝	12½-12¾	12-14	18 3/16-18 5/16	8-11
7 days' notice	17⅛-17¾	18⅝-18⅞	8⅛-9⅛	10⅝-10⅞	5⅛-6	8¾-8⅞	12⅛-12¾	12⅛-15½	18½-18⅝	11¾-12
Month	18¼-18½	20 1/16-20 3/16	16⅛-16⅞	11-11¼	6⅛-6⅝	9¼-9⅝	13 5/16-13 7/16	17½-19	20⅛-20¼	13⅝-13⅞
Three months	18¼-18½	19 5/16-19 11/16	15⅝-16	11⅜-11⅝	7¼-7⅜	10⅛-10¼	13¾-14	18⅛-19¼	19 9/16-19 11/16	14¾-15
Six months	18¼-18½	19 5/16-19 9/16	15⅝-16	11⅞-12⅛	7¾-7⅞	10⅛-10⅝	14⅜-14⅝	18¼-19⅛	19 5/16-19 7/16	14 15/16-15 1/16
One year	17¼-17½	17½-17¾	15⅛-15½	12¼-12½	7⅜-7⅛	10 5/16-10 7/16	14⅜-14⅞	20-21	17 1/16-17 3/16	13 1/16-13 3/16

Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15⅝-15⅞ per cent; four years 15⅝-15⅞ per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

THE DOLLAR SPOT AND FORWARD

April 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1350-2.1530	2.1380-2.1400	0.32-0.42c dis	−2.08	0.67-0.77dis	−1.35
Ireland†	1.9100-1.9200	1.9100-1.9120	0.07-0.12c dis	−0.60	0.29-0.36dis	−0.68
Canada	1.1905-1.1920	1.1913-1.1916	0.31-0.26c pm	1.79	1.00-0.90 pm	1.59
Nethlnd.	2.1275-2.1425	2.1310-2.1330	1.59-1.54c pm	8.81	4.25-4.15 pm	7.88
Belgium	31.30-31.50	31.42-31.44	6¾-5c pm	2.19	18-15 pm	2.10
Denmark	6.05-6.08	6.06-6.07	0.25-0.75ore dis	−0.98	2-2.50 dis	−1.48
W. Ger.	1.9490-1.9665	1.9645-1.9655	1.77-1.67pf pm	10.50	4.47-4.37 pm	9.00
Portugal	51.20-51.40	51.25-51.35	10c pm-7 dis	0.35	26 pm-30 dis	0.39
Spain	72.90-73.30	73.15-73.25	30-55c dis	−6.97	75-95 dis	−4.64
Italy	903.50-906.75	905.50-906.50	1lire pm-par	0.66	1 pm-par	0.22
Norway	5.1800-5.2000	5.1980-5.1990	2-1.50ore pm	4.04	6.10-5.60 pm	4.50
France	4.4980-4.5270	4.5200-4.5250	2.52-2.42c pm	6.55	6.20-6.00 pm	5.39
Sweden	4.4960-4.5020	4.4965-4.4990	2.20-2.00ore pm	5.60	6.50-6.30 pm	5.69
Japan	256.50-258	257.20-257.30	1.30-1.15y pm	5.71	2.80-2.65 pm	4.24
Austria	13.95-13.98	13.96½-13.97½	11.75-11gro pm	9.77	32.25-29.75pm	8.88
Switz.	1.8480-1.8700	1.8655-1.8665	2.15-2.05c pm	13.50	5.65-5.55 pm	12.00

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

April 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1350-2.1530	2.1380-2.1400	0.32-0.42c dis	−2.08	0.67-0.77dis	−1.35
Canada	2.5500-2.5690	2.5500-2.5520	0.50-0.40c pm	2.12	1.25-1.10 pm	1.84
Nethlnd.	4.57-4.61	4.58-4.59	3-2c pm	6.54	8-7 pm	6.54
Belgium	67.10-67.70	67.20-67.30	10c pm-par	0.89	20-10 pm	0.89
Denmark	13.00-13.11	13.00-13.02	2¼-3¾ore dis	−2.77	8½-10 dis	−2.84
Ireland	1.1185-1.1245	1.1190-1.1200	0.05p pm-par	0.27	0.13-0.08 pm	0.38
W. Ger.	4.19-4.23	4.20-4.21	3⅛-2⅞pf pm	8.92	8⅞-7⅞ pm	7.73
Portugal	109.25-110.80	109.45-109.75	5c pm-40dis	−3.83	10-105 dis	−2.10
Spain	156.00-157.75	156.00-156.10	55-110c dis	−6.34	165-215 dis	−4.87
Italy	1937-1950	1937-1938	1lire pm-1lire dis	—	2-4 dis	−0.62
Norway	11.05-11.15	11.05-11.07	3½-2½ore pm	3.25	10-8¾ pm	3.39
France	9.66-9.72	9.67-9.68	4⅛-3⅛c pm	4.65	10½-9½ pm	4.13
Sweden	9.62-9.69	9.62-9.64	4-2ore pm	3.74	10¼-8 pm	3.89
Japan	548-556	550-551	2.00-1.70y pm	4.03	4.80-4.50 pm	3.38
Austria	29.80-30.20	29.85-29.90	22-17gro pm	7.83	62-52 pm	7.63
Swit.	3.96½-4.00½	3.98¼-3.99¼	4⅛-3⅛c pm	11.65	11½-10½ pm	10.02

Belgian rate is for convertible francs. Financial franc 69.35-69.45. Six-month forward dollar 1.12-1.22c dis, 12-month 0.70-0.80c dis.

LONDON MONEY RATES

April 3 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	15-17½	—	—	—	17⅛-17¾	16-17	—	—	—
2 days notice	—	—	18-18¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¼-17½	18⅛-18⅜	—	18⅜	17⅝-17⅞	16¾-17	—	—	—
One month	18⅜-18	17⅞-18	18¼-18⅜	19⅜-19⅛	18⅜	18⅝-18¾	16¾	16 1/16-16 3/32	18-18 1/16	18⅜
Two months	18 1/16-18 3/16	18 3/16-18 5/16	—	19⅛-19	18½	—	16⅝	16½	17 15/16	18¼
Three months	18⅜-18¼	18 3/16-18 7/16	18¼-18⅜	19-18½	18¾	18¾	16⅝	16 3/32-16 1/16	17¾-17 15/16	18⅛
Six months	18-17⅞	18⅛-18¼	18-18⅛	17¾-17¼	18½	18¾	—	—	16 15/16-16¾	17⅛
Nine months	17¼-17⅛	17⅜-17½	—	17¾-17⅜	17¾	—	—	—	—	—
One Year	16⅞-16⅝	17-17⅛	17⅜-17¾	17¼-17	17⅛	18½	—	—	—	—
Two years	—	—	16⅞-17¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16-16½ per cent; four years 16 per cent; five years 16 per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¾-17 7/16 per cent; four-month trade bills 17⅞ per cent.

Approximate selling rates for one-month Treasury bills 16-16 3/32 per cent; two-month 16 5/32 per cent; three-months 16⅛ per cent. Approximate selling rates for one-month bank bills 17⅞-17 15/16 per cent; two-months 17 13/16 per cent; three-months 17¾-17 13/16 per cent; one-month trade bills 18⅛ per cent; two-months 18 per cent; and three-months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from April 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.3039 per cent.

CURRENCY RATES

April 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	Uuavail'le	0.602686
U.S. $	13	" "	1.29517
Canadian $	14	" "	1.54383
Austria Sch.	6¾	" "	18.0547
Belgian F.	14	" "	40.5971
Danish K.	13	" "	7.86558
D'Mark	7	" "	2.53206
Guilder	9½	" "	2.76260
French Fr.	9½	" "	5.83475
Lira	15	" "	1170.83
Yen	9	" "	333.183
Norwgn. Kr.	9	" "	6.71223
Spanish Pts.	8	" "	94.5475
Swedish Kr.	10	" "	5.83280
Swiss Fr.	3	" "	2.40190

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on April 3, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available: (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	100.0
Albania	Lek	9.8260
Algeria	Dinar	8.2015
Andorra	French Franc	9.6750
	Spanish Peseta	156.05
Angola	Kwanza	52.686
Antigua (S)	E. Caribbean $	5.80
Argentina	Ar. Peso Free Rate	3,762
Australia (S)	Australian $	1,9965
Austria	Schilling	29.875
Azores	Portug. Escudo	109.60
Bahamas (S)	Ba. Dollar	2.1390
Bahrain (S)	Dinar	0.811
Balearic Isles	Spa. Peseta	156.05
Bangladesh (S)	Taka	34.52
Barbados (S)	Babados $††	4.2780
Belgium	B. Franc	(cm) 67.25
		(fn) 69.40
Belize	B $	4.2780
Benin	C.F.A. Franc	483.75
Bermuda (S)	Bda $	2.1390
Bhutan	Indian Rupee	17.58
Bolivia	Bolivian Peso	53.60
Botswana (S)	Pula	1.6895
Brazil	Cruzeiro ‡‡	100.28
Brit. Virgin Isles (S)	U.S. $	2.1390
Brunei (S)	Brunei $	4.9325
Bulgaria	Lev	1.9010
Burma	Kyat	14.40
Burundi	Burundi Franc	197.06
Cameroon Repub'c	C.F.A. Franc	483.75
Canada	Canadian $	2.5510
Canary Islands	Spanish Peseta	156.05
Cape Verde Isle	Cape V. Escudo	78.15
Cayman Islands (S)	Cay. Is. $	1.7825
Cent. Af. Repub.	C.F.A. Franc	483.75
Chad	C.F.A. Franc	483.75
Chile	C. Peso	(Bk) 83.75
China	Renminbi Yuan	3.4040
Colombia	C. Peso	(F) 97.92
Comoro Islands	C.F.A. Franc	483.75
Congo (Brazaville)	C.F.A. Franc	483.75
Costa Rica	Colon	18.40
Cuba	Cuban Peso	1.5975
Cyprus (S)	Cyprus £	0.805
Czechoslovakia	Koruna	(com) 12.10
		n/c 24.08
		(T) 20.48
Denmark	Danish Krone	13.01
Djibouti	Fr.	365.0 (sg)
Dominica (S)	E. Caribbean $	5.80
Dominican Repub	Dominican Peso	2.1390
Ecuador	Sucre	(O) 55.85
		(F) 60.50
Egypt	Egyptian £	(U) 1.5100
Equatorial Guinea	Peseta	156.05
Ethiopia	Ethiopian Birr	(P) 4.3950
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.01
Fiji Islands	Fiji $	1.8625
Finland	Markka	8.3350
France	French Franc	9.675
FrenchC'tyin Af*	C.F.A. Franc	483.75
French Guiana	Local Franc	9.675
French Pacific Is.	C.F.P. Franc	178.0
Gabon	C.F.A. Franc	483.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.205
Germany (West)	Deutsche Mark	4.205
Ghana (S)	Cedi	5.92
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	91.3630

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	13.01
Grenada (S)	E. Caribbean $	5.80
Guadaloupe	Local Franc	9.675
Guam	U.S. $	2.1390
Guatemala	Quetzal	2.1390
Guinea Republic	Sily	41.75
Guinea Bissau	Peso	74.40
Guyana (S)	Guyanese $	5.4545
Haiti	Gourd	10.70
Honduras Repub.	Lempira	4.3100
Hong Kong (S)	H.K. $	10.9150
Hungary	Forint	(com) 72.2501
		(T)(nc) 47.0685
Iceland (S)	I. Krona	932.5
India (S)	Ind. Rupee	17.58
Indonesia	Rupiah	1,337.5
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6355
Irish Republic (K)	Irish £	1.1195
Israel	Shekel	9.025
Italy	Lira	1,937.5
Ivory Coast	C.F.A. Franc	483.75
Jamaica (S)	Jamaica Dollar	3.8150
Japan	Yen	550.5
Jordan (S)	Jordan Dinar	0.653(sg)
Kampuchea	Riel	2,566.8
Kenya (S)	Kenya Shilling	15.625
Kiribati	Australian $	1.9955
Korea (Nth)	Won	1.974(ll)
Korea (Sth)	Won	1,263.45
Kuwait (Sth)	Kuwait Dinar	0.595
Laos	Kip Pot Po	856.0
Lebanon	Lebanese £	7.3125
Lesotho	S. African Rand	1.7320
Liberia	Liberian $	2.1390
Libya	Libyan Dinar	0.6335
Liechtenstein	Swiss Franc	3.9925
Luxembourg	Lux Franc	67.25
Macao	Pataca	11.50
Madeira	Portug'se Escudo	109.60
Malagasy Republic	MG Franc	483.75
Malawi (S)	Kwacha	1.82
Malaysia (S)	Ringgit	4.9550
Maldive Islands (S)	Mal Rupee	8.4105
Mali Republic	Mali Franc	967.50
Malta (S)	Maltese £	0.791
Martinique	Local Franc	9.675
Mauritania	Ouguiya ‡	93.20
Mauritius (S)	M. Rupee	16.90
Mexico	Mexican Peso	49.12
Miquelon	C.F.A. Franc	483.75
Monaco	French Franc	9.675
Mongolia	Tugrik	(o)6.5742(ll)
Monserrat	E. Caribbean $	5.80
Morocco	Dirham	8.79(sg)
Mozambique	Moz. Escudo	63.00
Nauru	Australian Dollar	1.9955
Nepal	Nepalese Rupee	25.70
Netherlands	Guilder	4.585
NetherlandAntilles	Antillian Guilder	3.8290
New Hebrides	Franc.	151.50
	Aust. Dollar	1.9955
New Zealand (S)	N. Z. Dollar	2.2975
Nicaragua	Cordoba	21.475
Niger Republic	C. F. A. Franc	483.75
Nigeria (S)	Naira	1.242380 (sg)
Norway	Norway Krone	11.06
Oman Sul'ate of (S)	Rial Omani	0.742
Pakistan	Pakistan Rupee	21.10
Panama	Balboa	2.1390
Papua N. Guinea (S)	Kina	1.5420
Paraguay	Guarani	268.0

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc(A)559.42
Philippines	Philippine Peso	15.60
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2980
Poland	Zloty	(Cm)68.07
		(T)68.07
Portugal	Portugu'se Escudo	109.60
Port Timor	Timor Escudo	109.60
Puerto Rico	U.S. $	2.1390
Qatar (S)	Qatar Ryal	7.89
Reunion Ile de la	French Franc	9.675
Rhodesia	Rhodesian $	1.4150
Romania	Leu	(Cm)10.25
		(n/c)T27.52
Rwanda	Rwanda Franc	206.01
St. Christopher (S)	E. Caribbean $	5.80
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.80
St. Pierre	Local Franc	9.675
St. Vincent (S)	E. Caribbean $	5.80
Salvador El	Colon	5.37
Samoa American	U.S. $	2.1390
San Marino	Italian Lire	1,937.5
Sao To'e & Principe	Dobra	76.50
Saudi Arabia	Ryal	7.15
Senegal	C.F.A. Franc	483.75
Seychelles	S. Rupee	14.20 (SG)
Sierra Leone (S)	Leone	2.3565
Singapore (S)	Singapore $	4.9325
Solomon Islands (S)	Solomon Is. $	1.8975
Somali Republic	Somali Shilling	(A)12.90
South Africa (S)	Rand	1.7320
South West African Territories (S)	S. A. Rand	1.7320
Spain	Peseta	156.05
Spanish ports in North Africa	Peseta	156.05
Sri Lanka (S)	S. L. Rupee	34.25
Sudan Republic	Sudan £ Φ	n/a
Surinam	S. Guilder	3.8290
Swaziland (S)	Lilangeni	1.7320
Sweden	S. Krona	9.63
Switzerland	Swiss Franc	3.9925
Syria	Syria £	(A)8.4020
Taiwan	New Taiwan	(P)77.00
Tanzania (S)	Tan. Shilling	17.60
Thailand	Baht	43.55
Togo Republic	C.F.A. Franc	483.75
Tonga Islands (S)	Pa'anga	1.9955
Trinidad (S)	Trinidad & Tob. $	5.1335
Tunisia	Tunisian Dinar	0.892 (SG)
Turkey	Turkish Lira	157.24
Turks & Caicos	U.S. $	2.1390
Tuvalu	Australian $	1.9955
Uganda (S)	Uganda Shilling	16.50
United States	U.S. Dollar	2.1390
Uruguay	Uruguay Peso	(cm)18.50
		(fn)18.51
Utd. Arab Emirates	U.A.E. Dirham	8.02
U.S.S.R.	Rouble	1.4798
Upper Volta	C.F.A. Franc	483.75
Vatican	Italian Lire	1,937.5
Venezuela	Bolivar	9.22
Vietnam	Dong	(O)4.6650
		(T)4.834(l)
Virgin Islands U.S.	U.S. Dollar	2.1390
Western Samoa (S)	Samoan Tala	2.0065
Yemen (Nth)	Ryal	9.72(SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7310
Yugoslavia	New Y Dinar	45.5642
Zaire Republic	Zaire	0.599679
Zambia	Kwacha	1.77

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 89.85. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (‖) Based on gross rates against Russian rouble. Φ Incentive rate.

INTERNATIONAL CAPITAL MARKETS

Moves to shore up U.S. savings and loan industry

BY STEWART FLEMING IN NEW YORK

THE Federal Home Loan Bank Board, which regulates the $650bn U.S. savings and loan industry, has taken emergency action aimed at showing up the industry's finances.

In two separate decisions, the Board has created a $630m special assistance programme to help those savings and loans associations (S and L's) which have been hardest hit by the savings outflows and declining profits.

Separately, in what some are predicting will result in a revolution in the way in which private individuals finance the purchase of their homes, the Board has authorised some 2,000 Federally chartered savings and loans associations to issue home loans with interest rates which can be changed by as much as 5 percentage points over the life of the 30-year loan.

Currently, the vast bulk of home loans in the U.S. are made on fixed-rate terms, and the savings and loan industry is estimated to have as much as 80 per cent of its loans earning under 10 per cent. This at a time when new funds are costing 15 per cent and more.

The result is that many associations are already losing money and others are predicting a sharp decline in their profits this year. Already these forecasts have had an impact on the financial markets, and several large S and L's have had the ratings on their commercial paper cut.

It is this pressure on the industry's finances which has contributed to further action by the FHLB to provide aid. Already the Board has eased solvency regulations under the $630m relief programme, $100m is earmarked for subsidising below market rates, loans by S and L's which has posted losses for three consecutive months and whose net worth has sunk below 2.49 per cent of savings deposits.

In the longer term, the permission to write mortgages with greater flexibility to alter interest costs promises to be the most far-reaching change. In part, it is related to the passage of the major banking reform legislation which was signed by President Carter last week. That Act equalises the competitive situation between banks and the savings and loan industry and freedom to write variable term home loans is seen as a vital ingredient necessary to enable the savings and loan and thrift industries to compete forcefully with banks under the new regime.

Further losses at Northwest Airlines

By Our Financial Staff

NORTHWEST AIRLINES has reported a loss of $11.8m for the first two months of 1980, compared with a $7m profit for the same period of 1979. The decline is blamed on "sharply higher" jet fuel costs — the average cost per gallon was 90 cents this February, compared with 42 cents in February last year.

The company paid $45.7m for jet fuel in February, against $20.7m a year earlier.

The loss for the two months was equivalent to 54 cents a share, against a profit of 32 cents, and was incurred on revenues of $226.8m, compared with $172.9m.

In February, the airline had a net loss of $5.63m, or 26 cents a share, against a profit of $2.40m, or 11 cents a share, on revenues up to $110.9m from $83.5m.

First quarter charge at GTE

General Telephone and Electronics Corporation, said that it would take a charge against first quarter earnings of $85m as the result of its decision to sell two overseas businesses and write down others.

The company has signed a contract to sell the entertainment products businesses of its West German Saba subsidiary and its French Videon subsidiary to Thomson-Brandt of France.

As a result, GTE said, it would take a loss against first quarter results and the company would also provide a reserve to write down other entertainment products businesses outside the U.S. to net realisable value, for a total charge of $85m. The entertainment products businesses have been disappointing, GTE said, and had not provided a sufficient return on investment.

Reuter

Bayer profits rise

World-wide profits of the Bayer chemical group of West Germany rose by 7.7 per cent to DM1.3bn before tax for 1979. The increase was wrongly reported as 5.5 per cent in last Thursday's editions.

Advance for Sumitomo Metal

TOKYO — Sumitomo Metal Industries profit before-tax and special items for the business year ended last month is believed to have reached a record Y78.50bn ($314m), compared with Y32.81bn in 1978.

The company said that sales for the year were estimated at Y1,220bn ($4.9bn), against Y1,030bn in 1978. The announcement of results is expected this month.

The performance follows on an active demand for steel sheets from domestic vehicle manufacturers. Reuter

Gas diversion windfall expected for Texaco

WASHINGTON—Texaco will receive a $373m windfall as the result of a 1977 ruling by the Federal Government in which the company agreed to "pay back" a huge amount of natural gas it had diverted from interstate pipelines, the Washington Post says.

The Post said that according to the ruling, Texaco agreed to "pay back" 208bn cu ft of gas that it had held back from public lands. The amount would supply 1.7m homes for a year.

According to unnamed experts quoted by the Post, the extra money will result because the price that Texaco can charge for the gas is several times higher than the price of natural gas during the diversion period between 1967 and 1977. The higher price comes as a result of a 1978 law permitting sharp increases.

Senator Howard Metzenbaum (Democrat, Ohio), chairman of the Senate Anti-trust Committee, protested the settlement last week in a letter to Mr. Charles Curtis, of the Federal Energy Regulatory Commission. AP-DJ

Share issue terms from Cape Wine

BY JIM JONES IN JOHANNESBURG

CAPE WINE and Distillers, the company formed as part of last November's rationalisation of the South African liquor market, and which holds Rembrandt's Oude Meester liquor interests and the previous wine and liquor interests of South African Breweries, has announced the terms of its share issue to the investing public, which is being offered 5 per cent of the company's equity, or 7m shares.

Of Cape Wine's 140m issued no-par-value shares, Rembrandt holds an effective 30 per cent, which has been pooled with the effective 30 per cent of the Kooperatiewe Wijnbouwers Vereeniging (KWV), representing the country's wine farmers. South African Breweries holds 30 per cent. Of the remaining 40m shares, 1m have been reserved for Cape Wine's employees and management and 6m are to be allotted to independent wine farmers and wine co-operatives.

The issue price is 115 cents. The prospectus estimates earnings per share of 16.5 cents for the year to March 31, 1978, for an earnings yield of 14.3 per cent on the issue price. The company policy, it is said, will be to distribute about half of earnings by way of dividends. For the six months to September 30, 1980, an interim dividend of about 3.5 cents is forecast, to be followed by a final dividend of about 4.75 cents.

DDG HANSA

A concerted rescue

BY KEVIN DONE IN FRANKFURT

DDG HANSA, one of the leading West German shipping lines, based in Bremen, is to be saved from financial collapse by a concerted rescue involving two of its major institutional shareholders and a consortium of some 25 banks.

In addition, the trades unions are co-operating in the negotiation of agreed redundancies and the Federal Government is putting up guarantees of DM 30m (around $15m) for future loan capital.

The brunt of the rescue action, agreed by an extraordinary shareholders meeting last week, involves the writing-down of the company's capital from DM 60m to DM 10m. Around 80 per cent of the equity is held by four main shareholders, but only two of them, the Deutsche Bank, West Germany's largest bank, and Veritas, a company owned by two of the country's largest insurance groups, Allianz and Münchener Rückversicherung, have agreed to pump in more capital.

In a joint move they are injecting DM 30m of new funds, bringing DDG Hansa's equity capital back up to DM 40m.

The two other major shareholders, Albingia, a subsidiary of Guardian Royal Exchange, the UK insurance group, and Frau Gertrud Reemtsma, a private shareholder, were unwilling to take part in the rescue.

When the capital injection is completed Deutsche Bank and Veritas will together hold more than 80 per cent of the ailing shipping group's shares, either directly or indirectly. They will hold the new shares as an underwriting action and will not incorporate them into their permanent portfolios.

In the short term, however, the shares are not likely to be offered to the market. Dr. Günter Tumm, the company's new financial director, says: "I don't think that any person who is interested in having a return on his capital would buy these shares, because we don't see any dividends coming in the foreseeable future."

For 1980, DDG Hansa sees little hope of doing more than reducing its losses, with at best the prospect of halving last year's operating losses of DM 75m ($38m).

THE brunt of the rescue action involves the writing down of the company's capital from DM 60m to DM 10m ($5m). *For 1980, it sees little hope of doing more than* reducing its losses, at best halving last year's operating loss of DM 75m ($38m)

DDG Hansa, which has had a proud name in German shipping, built up over the last century, has been brought to the edge of collapse in the last four years.

In the mid-1970s it launched itself on an ambitious building programme, to modernise its fleet, which left it severely over-stretched when the world shipping collapse set in, and lines around the world had to lay up ships to combat growing overcapacity.

At the same time, its profitability was hit by currency difficulties—most costs were incurred in Deutsche marks, while earnings accrued in dollars—and it found it impossible to remain competitive with foreign flag fleets, a problem shared with most West German shipping lines

In addition, the turmoil in Iran undercut suddenly its liner cargo trade with the Middle East. DDG Hansas Iranian business had expanded to a point where it was accounting for 20 per cent of turnover two years ago.

Almost overnight this trade was virtually wiped out, and by last year traffic with Iran was down to just 3 per cent of sales.

The last major blow came through DDG Hansa's attempt to cash in on the North Sea oil boom. It involved itself heavily in the supply boat market only to see rates decline and boats laid up as offshore exploration activity failed to grow as rapidly as expected, and the market became quickly saturated.

Losses mounted. The group paid its last dividend in 1976. From 1977, it has been operating at a loss, but last year the position became untenable.

In 1979, DDG Hansa made an operating loss of DM 75m combined with extraordinary losses of DM 23m. By exhausing the company's reserves and through asset sales the loss was reduced to a DM 5m balance sheet deficit for 1979. But to this had to be added a carried forward loss of DM 22m from the previous year.

A further loss of DM 23m (DM 18m operating losses and DM 5m extraordinary losses) in the first quarter of 1980 alone and the carried forward losses from the previous two years can only be met by the DM 50m capital write-down.

Further help will be needed, however. DDG Hansa's banks have already agreed to a moratorium on debt repayments this year, but in June they will meet again to discuss more substantial help in the form, it is understood, of reducing interest rates on outstanding loans.

The Federal Government, as part of its aid programme to the ailing German shipping industry, is providing a DM 30m guarantee to allow DDG Hansa to take out further loans. The state of Bremen might also provide similar assistance—2,500 jobs are at stake in the shipping company.

To reduce its losses on its offshore supply boat operations, DDG Hansa is planning with union agreement to cut its costs by putting 50 per cent of the fleet under foreign flags.

By the end of 1979 its total fleet of 64 vessels—including cargo liners and heavy lift vessels—had been reduced to 290,000 gross registered tonnes from 320,000 tonnes a year earlier, and further substantial sales are planned in all areas.

The group is keeping its commitment to its main business, however, of liner traffic to the Middle East, the Indian sub-continent and the Indian Ocean.

The liner cargo trade still represents more than two-thirds of turnover, despite the setbacks in Iran, and it should be helped a little in coming months by higher freight rates.

Dr. Tumm is hopeful that total sales this year could recover to about DM 450m following the decline of the last two years. From a high point of DM 515m in 1977, sales fell to DM 481m in 1978 and to DM 404m ($206m) last year.

If DDG Hansa survives—and several small shareholders expressed their doubts at the extraordinary general meeting—it will be as a much slimmer operation.

Payment schedule for Bafco creditors

BY MARY FRINGS IN BAHRAIN

CREDITORS of the Bahrain Fishing Company (Bafco), which went into voluntary liquidation in September after shrimp catches dwindled all over the Gulf, are expected to recover 95 per cent of their admitted claims. However, no dividends will be paid to shareholders, who include Ross Seafoods, with 35 per cent, and about 1,000 Bahrain investors.

A general meeting of the company was called in Bahrain six months after the liquidation date, as required by Bahrain law, to consider a report from Mr. Anthony M. Strover, the liquidator, of Peat Marwick Mitchell and Co.

A gathering of about 40 shareholders was told that an interim dividend of 85 per cent of admitted claims would be paid to creditors on April 5, with the prospect of further 10 per cent later this year. There is expected to be a final shortfall of BD 57,000 ($150,000) in respect of creditors, compared with a surplus of BD 307,000 ($812,000) shown in the company's statement of affairs.

The deficit would have been significantly higher, but for the fact that claims of BD 710,000 were settled for BD 400,000 in cash. This was because both the Bahrain Government and the Saudi Fishing Company agreed to relinquish 25 per cent of their claims in respect of payment for fishing rights.

Pending dividends

	Date	Announcement last year
*Adwest	Apr. 11	Int. 3.85
Amal. Metal	Apr. 23	Final 10.9
Amal. Power	Apr. 26	Final 2.948
*Assoc. Biscuit	Apr. 10	Final 1.88
BSG	Apr. 20	Final 1.464
*Bank of Scotland	Apr. 15	Final 6.083
Barrow Hepburn	May 10	Final 1.0
*Blackwood Hodge	Apr. 9	Final 1.292
Blue Circle	Apr. 19	Final 7.212
*Bowater	Apr. 10	Final 6.771
British Home Stores	Apr. 30	Final 3.9
*British Printing	Apr. 10	Final 2.4
*British Sugar	May 8	Int. 1.815
Brixton Est.	May 8	Final 0.93
Brown Boveri Kent	Apr. 5	Final 1.2
Bunzl	May 9	Final 2.285
Burton	Apr. 10	Int. 3
Central and Sheerwood	May 1	Final 0.704
Coral Leisure	Apr. 12	Final 3.7
Costain	May 8	Int. due
*Croda Int.	Apr. 9	Final 1.346
*Currys	Apr. 14	Final 4.0692
*Danish Bacon	Apr. 9	Final 3.56
Dunlop	Apr. 19	Final 2.65
*Empire Stores	Apr. 9	Final 2.605
European Ferries	May 8	Final 1.98
Farnell Elecs.	Apr. 24	Final 4.79
Fosoco Minsep	Apr. 24	Final 3.0
Gerrard and Nat. Dis.	Apr. 26	Final 5.124
*Gill & Duffus	Apr. 9	Final 2.664
*Glaxo	Apr. 14	Int. 5
*GRE	Apr. 9	Final 6.941
Hall (Matthew)	May 9	Final 6.519
*Hambro Life Assce.	Apr. 11	Final 17.802
Hammerson Prop.	Apr. 27	Final 6.097
Hawker Siddeley	Apr. 11	Final 2.4578
*Highland Distilleries	Apr. 8	Int. 0.55
Hoveringham	Apr. 26	Final 1.635
Kwik Save	May 4	Int. 1.1
*Ladbroke	Apr. 10	Final 4.017
Laing (J.)	Apr. 30	Final 1.5
Laird Gp.	Apr. 2	Final 1.52
Laporte	May 2	Final 4.532
Lloyds and Scottish	May 10	Int. 1.87
London and Northern	May 9	Final 2.1
Mallinson-Denny	May 9	Final 1.868
Marks and Spencer	May 8	Final 1.459
Menzies (J.)	Apr. 24	Final 2.12
*Minet	Apr. 10	Final 1.4193
Mothercare	May 8	Final 2.156
Mowlem (J.)	Apr. 26	Final 5.608
National and Comm. Bk.	May 4	Int. 1.375
Newarthill	Apr. 26	Final 5.324
Newman Inds.	May 10	Final 4.5
News Intnl.	Mar. 29	Final 5.48
Pearson Longman	Apr. 18	Final 3.684
Pearson (S.)	Apr. 18	Final 4.9956
P & O	May 2	Final 3.542
Philips' Lamps	May 8	Final due
Portals	Apr. 11	Final 4.846
*RMC	Apr. 15	Final 3.91
Revertex	Apr. 23	Final 2.27
*Rio Tinto-Zinc	Apr. 16	Final 8.0
Rowntree Mackintosh	Apr. 9	Final 8.5
*Rugby Prtlnd Cement	Apr. 15	Final 2.093
Sainsbury (J)	May 9	Final 4.85
Sears	May 9	Final 0.94
*Selection Trust	Apr. 10	Final 10.84
*Senior Engineering	Apr. 15	Final 0.6516
Serck	May 11	Int. 2.2
Simon Eng.	Apr. 25	Final 6.065
*Smith (W. H.)	Apr. 16	Final 2.34
*Smiths Inds.	Apr. 15	Int. 3.6138
*Standard Chartered	Apr. 15	Final 7.706
*Tarmac	Apr. 29	Final 6.234
*Taylor Woodrow	Apr. 10	Final 6.485
*Telephone Rentals	Apr. 30	Final 4.802
Vaux Breweries	May 11	Int. 1.842
*Vickers	Apr. 24	Final 5.964

* Board meeting intimated † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

CORAL INDEX: Close 428-433 (−2)

Public Works Loan Board rates

Effective from March 22

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 5	15½	15½	15¾	16½	16¾	16
Over 5, up to 10	15¾	15¾	15⅛	15⅞	15⅞	15⅝
Over 10, up to 15	15⅛	15¼	15	15¾	15⅝	15½
Over 15, up to 25	15	14¾	14⅞	15½	15¾	15⅝
Over 25	14⅞	14⅞	14⅞	15½	15⅞	15⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual Interest gross interest %	payable	Minimum sum £	Life of bond Year
Knowsley (051 548 6555)	15½	½-year	1,000	1
Redbridge (01-478 3020)	14¾	½-year	200	2-3
Redbridge (01-478 3020)	14¾	½-year	200	5-6

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RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
50	50p	—	140	83	Berkley Exploration	113	−2	[illegible]	[illegible]	[illegible]	[illegible]
**	F.P.	7/3	89	70	Con.Merc'Secs.Defd	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
190	F.P.	—	101	94	Morley (R.H.) 10p	99	[illegible]	b4.75	1.3	6.8	16.0
—	F.P.	—	34	28	Roche Prod.Shrs.5p	28	[illegible]	1.25	2.7	6.4	6.6
10	F.P.	—	10½	10½	Trst.ofProp.Shrs.5p	10½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
100p	F.P.	[illegible]	101	98	Edwards (L.C.) 6% Conv. Red. Cum. Pref	98	[illegible]
[illegible]	F.P.	[illegible]	113	105	Globe Inv Tst 11¼% Conv Uns Ln '90-95	108	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Imp. Cont. Gas 8% Conv. Loan 1995-2000	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Leigh Interests 10pc Conv. Uns Ln. 1994-95	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Mid Kent Water 9% Red Pref. 1985	[illegible]	[illegible]
101½	[illegible]	[illegible]	[illegible]	[illegible]	Mid Southern 10% Red Pf. 1985	10¼	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rk'm'nw'h & Uxbridge Wtr. 9%RdPf 1985	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sutton District Water 10pcRedPref.1983	99½	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
135	F.P.	[illegible]	[illegible]	159	AGB Research	164	[illegible]
223	Nil	[illegible]	[illegible]	[illegible]	Aran Energy	78pm	+4
330	F.P.	[illegible]	[illegible]	[illegible]	Cluff Oil	320	[illegible]
R15	Nil	[illegible]	[illegible]	[illegible]	General Mining	100pm	+10
60	F.P.	[illegible]	[illegible]	[illegible]	Hammerson Prop. A	785	[illegible]
48	Nil	[illegible]	[illegible]	[illegible]	Howard Tenens	17pm	[illegible]
60cts	Nil	[illegible]	[illegible]	[illegible]	Pancontinental	275pm	[illegible]
68	Nil	[illegible]	[illegible]	[illegible]	United Biscuits	1pm	[illegible]
110	Nil	[illegible]	[illegible]	[illegible]	Watmoughs	12pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	17 %	□ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	19 %
Banco de Bilbao	17 %	Langris Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Schroder Life Group, Enterprise House, Portsmouth. 0705 27733

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

J. Henry Schroder Wagg & Co. Ltd.

M & G Group

Sentry Assurance International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Singer & Friedlander Ldn. Agents

Samuel Montagu Ldn. Agents

Standard Chartered Int'l. Bd. Fd.

Stronghold Management Limited

Murray, Johnstone (Inv. Adviser)

Surinvest (Jersey) Ltd. (x)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Surinvest Trust Managers Ltd.

Negit S.A.

TSB Unit Trust Managers (C.I.) Ltd.

Negit Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Pacific Basin Fund

Phoenix International

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Providence Capital Life Ass. (C.I.)

Tyndall Group

Quest Fund Mangmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Rothschild Asset Mgt. (Bermuda)

Utd. Intnl. Mngmnt. (C.I.) Ltd.

Royal Trust (C.I.) Fd. Mgt. Ltd.

Van Cutsem & Associates Ltd.

Save & Prosper International

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Schlesinger International Mngt. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Trust

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE PROPERTY BONDS

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
May Nov.	Coronation	305xd	24.3	†Q54c	2.2	10.1
Nov. May	Falcon Rh.50c	600xd	24.3	†Q100c	1.7	11.5
May	Rhod'n Corp. 16½p	38	10.3	0.56	8.5	2.1
Nov. Apr.	Roan Cons. K4	170	25.2	†Q0.12	ϕ	4.5
Nov. May	Wankie Col. Rh.1	57	22.10	†Q9c	1.5	11.3
—	Zam.Cpr.SBD0.24	28	1174	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 50c	21	—	—	—	—
—	ACM 20c	15	—	—	—	—
—	Bond Corp.	70	—	Q3.75	2.2	2.7
Nov. Apr.	Bougainville 50 Toea	165	12.9	sQ3½c	ϕ	12.8
—	BH South 50c	200	974	ϕ—	—	—
—	Canada Northwest	15	—	—	—	—
—	Carr Boyd 20c	24	—	—	—	—
—	Central Pacific	£22	—	—	—	—
Nov. May	Conzinc Riotinto 50c	252	12.9	Q15c	ϕ	3.1
—	Cultus Pacific N.L.	26	—	—	—	—
—	Eagle Corp. 10c	24	—	—	—	—
—	Endeavour 20c	18½	—	—	—	—
June	G. M. Kalgoorlie 25c	195	667	†Q3c	—	0.8
Sept. Mar.	Hampton Areas 5p	345	14.1	3.5	2.8	1.4
—	Haoma Gold N.L.	40	—	—	—	—
—	Metals Ex. 50c	59	—	—	—	—
Dec. Apr.	M.I.M. Hldgs. 50c	202	16.10	†Q16.1c	1.8	4.1
—	Minefields Expl.	38	—	—	—	—
—	Mount Lyell 25c	80	—	—	—	—
—	Newmetal 20c	18	—	—	—	—
—	Nickelore N.L.	13	—	—	—	—
June Nov	North B. Hill 50c	148	19.11	†Q12c	1.4	4.2
—	Nth. Kalgurli	51	—	—	—	—
—	Nth. Mining Corp.	122	—	—	—	—
—	N. West Mining N.L.	38	—	—	—	—
June Nov.	Oakbridge SA1	160	7.4	Q12c	4.7	3.9
—	Oilmin N. L.	73	—	—	—	—
—	Pacific Copper	202	—	—	—	—
—	Pancont'l 25c	300	—	—	—	—
—	Paringa M&Ex.5p	47	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	365	12.3	†Q17.5c	ϕ	2.5
—	Seltrust A	160	—	—	—	—
—	Southern Pacific	825	—	—	—	—
—	Swan Resources 20c	47	—	—	—	—
—	West Coast 25c	12	—	—	—	—
Oct. May	Westn. Mining 50c	200	18.3	†Q7c	1.6	1.9
—	Westmex	15	—	—	—	—
—	Whim Creek 20c	90	—	—	—	—
—	York Resources	15	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	31	28.1	t6.0	1.9	27.6
Apr. Oct.	Ayer Hitam $M1	275	10.3	‡Q290c	8.9	‡
Sept. Dec.	Beralt Tin	49	28.12	4.5	ϕ	13.1
Jan. July	Berjuntai $M1	165	28.1	‡Q95c	1.0	‡
July Aug.	Geevor	205	28.12	8.71	3.1	6.1
—	Gold & Base 12½p	10	1074	—	—	—
April July	Gopeng Cons.	330	28.1	25.0	1.8	10.8
Dec. Aug.	Hongkong	300	10.12	35.87	ϕ	17.1
Mar. June	Idris 10p	98	28.1	28.0	ϕ	11.7
Mar. Apr.	Jantar 12½p	15	467	—	—	—
Oct. Jan.	Kamunting $M0.50	70	28.12	Q47½c	1.1	15.2
October	Killinghall $M1	320	8.10	Q100c	ϕ	6.5
Apr. Dec.	Malay Dredging $M1	630	10.12	mQ105c	2.6	3.5
—	Pahang	28	27.11	0.44	0.3	2.3
Mar. Sept.	Pengkalen 10p	92	28.1	6.0	1.3	9.3
June. Jan.	Petaling $M1	265	10.12	Q150c	1.4	11.5
Mar. Oct.	Saint Piran	62	28.12	‡Φ2.5	6.4	‡
Aug. Feb.	South Crofty 10p	32	28.12	‡3.0	2.0	‡
Oct. Feb.	South Kinta $M0.50	210	28.12	Q150c	1.0	14.5
May Dec.	Sthn Malayan $M1	385	10.12	†Q175c	2.1	9.9
Jan. Aug.	Sungei Besi $M1	250	28.12	†Q520c	1.0	42.4
—	Supreme Corp. $M1	49	974	2Q10c	—	4.2
Apr. Sept.	Tanjong 15p	95	28.1	24.5	ϕ	6.8
Sept. Mar.	Tongkah H. Tin	80	21.5	Q45c	1.3	12.6
Oct. June	Tronoh $M1	220	8.10	†Q25c	5.2	2.3

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
January	Messina R0.50	184	28.12	Q10c	ϕ	3.1

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Anglo-Dominion	140	—	—	—	—
—	Barymin	70	—	—	—	—
—	Burma Mines 17½p	13½	575	—	—	—
Aug. Feb.	Cons. Murch. 10c.	370	28.12	MQ100c	1.8	15.5
—	Northgate C$1	980	977	—	—	—
Jan. July	R.T.Z.	365	5.11	†11.5	3.4	4.5
—	Robert Mines	26	—	—	—	—
—	Sabina Inds. C$1	31	—	—	—	—
—	Tara Exptn. $1	510	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♠ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	23	......	Conv. 9% '80/82	£86	......
Bertam	17	−1	Nat. 9¼% 84/89	£71	......
Bdg'wtr. Est. 50p	360	−5	Fin. 13% 97/02	£78¾	......
Clover Croft	66	......	Alliance Gas	59	......
Craig & Rose £1	£10½	......	Arnott	350	......
Fife Forge	39½	......	Carroll (P.J.)	50	......
Finlay Pkg. 5p	21	......	Clondalkin	107	+7
Graig Ship. £1	850	......	Concrete Prods.	80	......
Higsons Brew	75	......	Heiton (Hldgs.)	36	......
Holt (Jos) 25p	255	......	Ins. Corp.	250	......
I.O.M. Stm. £1	160	......	Irish Ropes	80	......
Pearce (C. H.)	305	......	Jacob	35	......
Peel Mills	37	......	T.M.G.	138	......
Sheff. Refrshmt	97½	......	Unidare	103	......
Sindall (Wm.)	165	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	32	Utd. Drapery	9
A. Brew	8	"Imps"	7	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Inveresk	5		
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen.	14	Brit. Land	7
Beecham	15	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lofs"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	28	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks. & Spncr	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	38
Debenhams	8	Nat. West. Bank	32	Burmah Oil	20
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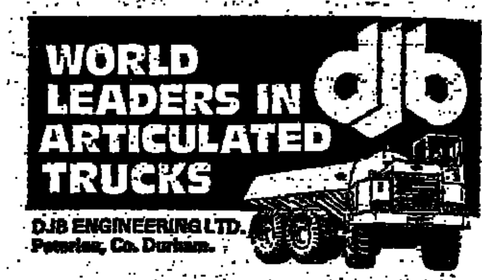

Post Office requests extra £150m above cash limits

BY JOHN LLOYD

THE POST OFFICE is asking the Government for permission to spend £150m above its £1.5bn cash limits in the present financial year (1980-81), mainly on customer apparatus in the telecommunications business.

However, the Government is insisting at present that cash limits should be strictly adhered to, although the corporation believes it may relax its stance later in the year.

In common with other nationalised industries, the Post Office argues that it should be allowed more freedom to borrow on the open market.

Sir William Barlow, the Post Office chairman who was elected last week as chairman of the Nationalised Industries Chairmen's Group, will press that case strongly to Government.

The corporation believes the case is particularly strong in telecommunications, where investment is presently wholly self-financed.

It would like to see about 20 per cent of its future capital requirements financed by loans, arguing that 100 per cent self-financing penalises present customers, whose tariffs pay for future customers' services.

It also argues that more than 90 per cent of the extra £150m it wants will be spent with UK manufacturing industry, and that continuing annual growth of 10 per cent in telephone use demands more liberal financing arrangements.

It would be unusual for the present Government to encourage increases in telecommunications prices to finance extra investment.

Although it concedes that telecommunications prices may have to rise regularly once a year to keep pace with inflation, it wishes to keep prices below the rise in the retail price index, not to let them outstrip it.

Another source of tension between senior management and Government has been the latter's proposals for, and criticism of, the corporation and proposals for its future.

The feeling here is that ideas on liberalising the telecommunications monopoly, still being considered by the Government, with plans on counter services drawn up by Sir Derek Rayner, the Prime Minister's adviser on increased efficiency in the public sector, have sometimes been ill-considered.

The corporation is probably willing to concede a limited open market on subscribers' apparatus, such as telephones, telex machines and data equipment.

The Rayner proposals concern the possible payment of social security and other benefits by direct payment to claimants' bank accounts, thus by-passing the Post Office counter network.

The corporation argued strongly to the Select Committee on Industry last month that direct payment would mean an impossibly rapid expansion of the Girobank system.

It has yet to receive formal proposals on the payment of benefits. It is thought possible that the practical objections to them, coupled with possible damaging effects to sub-post offices, especially those in rural areas, has led to their modification or even to their withdrawal.

Services' pay squeeze lifted

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN IMPORTANT exception to the generally tight application of cash limits on public spending is to be allowed, to increase Armed Forces pay.

The decision follows lengthy negotiations between the Ministry of Defence and the Treasury.

The annual Defence Estimates, published last week, provide for a 14 per cent increase, between 1979-80 and 1980-81, in current expenditure costs which include Armed Forces pay.

However, the White Paper says this provision in no way pre-empts recommendations by the Review Body on Armed Forces Pay, due to report shortly, or prejudices the Government's decision on them.

It notes that the Government is committed "to maintain fully comparable rates of pay for the Armed Forces."

The recommended increases might approach 20 per cent. In addition to what has already been provided, that might cost an extra £130m to £150m in the current financial year.

It would be financed out of the £1bn contingency reserve, which is specifically set aside for extra items within the overall total of public spending.

It is being emphasised in Whitehall that Armed Forces pay is the only exception and that there will be no relaxation of cash limits for other items of the defence budget such as equipment purchase.

The general principle is that cost increases have to be contained within the 14 per cent limit; if they are not, the planned volume of expenditure will have to be reduced.

Indeed, since price rises are officially forecast to be higher than assumed in the cash limits, there is intended to be a small general squeeze on the volume of spending.

However, Mr. Francis Pym, Defence Secretary, argued that such a general squeeze would be incompatible with Conservative commitments to maintain comparable rates of pay for the Armed Forces and to increase their numbers.

Consequently, there was lengthy wrangling with the Treasury and Mr. John Biffen, Chief Secretary, over what should be done.

Mr. Pym appears to have won this point, though the commitment to maintain tight cash limits for the rest of the defence budget could squeeze spending on equipment and civilian staff if pay and price rises are as high as expected.

The Defence Estimates at present provide £2.47bn for expenditure on Armed Forces pay in 1980-81, compared with £1.86bn in 1979-80.

Car sales expected to slacken

By Kenneth Gooding, Motor Industry Correspondent

NEW CAR sales in the UK, reasonably buoyant in the first quarter of 1980, are expected to slacken considerably from now on.

Registrations in March at 163,000, were more than 12 per cent below the 183,000 in March 1979.

As a result, the 1980 first quarter was about 1.5 per cent down on the same period a year before at 468,000 compared with 475,000, according to unofficial figures circulating within the trade.

But the 1979 first quarter was the best for six years, so the motor trade did reasonably well in volume this year.

Sales were running at an annual 1.7m, near the peak reached last year. However, the Society of Motor Manufacturers and Traders now expects a steep decline to an annual rate of about 1.4m throughout the second and third quarters.

April sales will be adversely affected not only by the Budget, which has a psychologically depressing effect, but also by the ending of most big price-cutting and other promotional campaigns.

The upshot is that the society is standing by its forecast made at the end of last year that 1980 new car registrations will be about 1.5m compared with 1.71m in 1979, representing a volume decline of over 12 per cent.

BL's "Buy British," cut-price campaign certainly made an impact on the March figures. Its market share rose to 22.5 per cent, compared with 20.8 per cent in March 1979 and 16.75 per cent in February this year.

Ford felt some of the impact, and its share fell to 28.1 per cent from 28.3 per cent in March last year and a target of 30 per cent for the whole of 1980.

The importers' penetration of the market eased a little, from 57.75 per cent in February to 56.8 per cent in March.

Two distillers cut shipments of bulk malt whisky to Japan

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TWO BIG SCOTCH whisky distillers, both Canadian-owned, have substantially cut their shipments of bulk malt whisky to Japan in response to continued criticism from trade unions and sections of the industry.

Seagram and Hiram Walker have attracted most of the attacks by opponents of the trade, although they are not the biggest bulk exporters and account between them for less than 20 per cent of the total.

Japanese distilleries buy Scotch malt in bulk to blend with their own whiskies to improve the flavour.

Neither Seagram nor Hiram Walker accepts the argument of some other companies and the unions that the practice damages sales of bottled Scotch in Japan and enables the Japanese to mount aggressive drives against Scotch in other export markets.

Nevertheless they have been influenced by the campaign against the bulk trade, which has intensified since a report by the whisky working party of the National Economic Development Committee at the end of 1978.

Both companies say that they have turned away business from Japan to reduce their commitment to bulk exports, although neither intends to withdraw from the trade altogether.

Mr. Steve McCann, chairman of Hiram Walker (Scotland), said that bulk shipments by his company to Japan were 30 per cent less in 1979 than in the previous year.

Hiram Walker had been hurt by the implications in some criticisms that because it had a Canadian parent, it was not deeply committed to British interests or to building up the sales of its bottled products, which are about 90 per cent of its output.

He also resented the fact that bulk sales had been described as dishonourable, and companies involved as unpatriotic.

Mr. Ivan Straker, managing director of Glenlivet Distillers, speaking for Seagram, said that his company had reduced volumes to Japan substantially in the last three years. Although there had been no direct pressure, he had to heed union criticism to avoid risk of jeopardising Seagram's bottled Scotch business.

"I do not adhere to the logic behind the arguments put up by the opponents of this business, but there is one aspect which I find difficult to argue against.

"Our opponents say that whether you like it or not, by exporting malt to Japan we are affecting the taste of Japanese distilled whisky, making it nearer to Scotch in flavour and making it therefore theoretically a contender for our export markets.

"I cannot argue against that, although there is no evidence to show it is happening in practice."

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Continued from Page 1

Iran army

population belongs to the mainstream Sunni sect.

In the attacks on the oil installations seven oil and gas pipelines leading to the main oil refinery at Abadan were blown up. A pumping-station associated with an associated with an oilfield leading to a smaller refinery at Kermansha was also attacked twice at the weekend.

Iraq has been accused before of supporting Arab separatists carrying out sabotage in Iran.

In other incidents five people were killed in Khoramshar when a car carrying explosives blew up. Oilfield guards near Ahwaz chased off several unidentified people trying to attach explosives to a pipeline.

President Saddam Husein of Iraq threatened to avenge the "spilled blood" of students killed or injured when a grenade was thrown at a student gathering at Baghdad's Al Mostansiriyah University last Tuesday. Vice Premier Tarak Aziz was also injured in the attack.

A second bomb was thrown 48 hours later at a funeral procession in the Iraqi capital. The procession was for two students who died from wounds in the first attack.

Iraq has also renewed its criticism of Iran for the occupation of three disputed islands

Continued from Page 1

BP deal

man, will probably outline the changed trading position when he meets the Press this week. Industry reports suggest that last year BP had direct access to between 2m and 2.5m barrels a day as against 4.5m barrels a day in 1974.

The group is said to have less than 2bn barrels of oil reserves within the Organisation of Petroleum Exporting Countries, where in 1971 it had around 66bn barrels.

A few years ago, the bulk of BP's supplies came from three countries: Nigeria, Kuwait and Iran—all of which have cut exports to BP.

Business confidence 'lowest since 1976'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BUSINESS CONFIDENCE about prospects for industry and the economy as a whole has fallen to the lowest level since 1975-76, and the Budget has made little difference.

The Financial Times monthly survey of business opinion, published this morning, shows that companies are particularly concerned about the increasing inflationary pressures, falling demand and weakening liquidity.

The interviews—this month covering food and tobacco, textile and clothing, and building and construction sectors—were carried out before the Budget but almost all the companies have been contacted since then.

About a third of the companies made favourable comments about the Budget. Most of these referred to the Government's new medium-term financial strategy, which was generally welcomed for providing more information about future plans.

Roughly half the companies were broadly neutral about the Budget, mainly because of the general pessimism about the short-term economic outlook. Several companies said they would be more cautious and more concerned about financial constraints following the Budget.

Asked about specific proposals, about one-tenth of the companies said they would look at the proposed enterprise zones, where Government regulations are to be eased.

After the Budget, none of those interviewed wanted to change their view about their company's prospects. Optimism has now fallen below the low point reached in December, 1976, and is not far above the February, 1975, low.

Among the main features this month are the increasing evidence that industry's stock levels are too high in relation to current sales. There is also growing caution about expected labour needs over the next 12 months.

Companies are also continuing to scale-up projected wage and unit-cost rises over the next 12 months—now up to 17.5 and 15.1 per cent respectively.

The steel strike has resulted in an increasing number of references to shortages of raw materials and to labour disputes in supplier-companies.

In the food and tobacco sector this was chiefly because companies faced restricted supplies of cans.

Details, Page 10

Pan Am to keep Miami-Heathrow route

By Ian Hargreaves in New York

PAN AMERICAN World Airways seems certain to retain the valuable Miami-London route it acquired when it took over National Airlines, judging by an announcement yesterday from the Civil Aeronautics Board.

The board has tentatively decided to reverse its previous decision that Pan Am should be shorn of the route because of the company's existing strength on the Atlantic routes.

The reason for the change of heart is that under the recent "Bermuda ...Two" amendments to the U.S.-UK air services agreement, any U.S. airline taking on the route would have to switch the Miami service's London destination from Heathrow to Gatwick airport.

Take over

The Miami-London route is one of the fastest growing services in international aviation, with Miami benefiting from booming Europe-Florida tourism and from its emergence as a hub for serving South American and Caribbean destinations.

Several airlines have been vying fiercely to take over the service. A CAB administrative law judge recently ruled in favour of the Florida-based Eastern Airlines, and the CAB's international department was known to have recommended the much smaller but fast-growing Air Florida for the service.

Gatwick plan

Yesterday's announcement suggests that Pan Am will keep the route for at least three more years, although the decision is subject to comment from affected parties and possible reconsideration by the full Board.

Meanwhile, the CAB is also to consider proposals from airlines for a new route between Miami and Gatwick. It said yesterday it hoped to complete this study by January 1981.

The importance of the Miami-Heathrow route is evident in National's final annual report before it became part of Pan Am in January. This shows that half the company's $6m (£2.8m) operating income came from its European operations, much the largest of which is Miami-London.

Weather

MAINLY dry with a good deal of sun in England and Wales. Cloudy with occasional rain but brighter later in Scotland and Northern Ireland.

London, S.E., S. Midlands
Mainly dry with sunny periods. Max. 13C (55F).

E., Cent. N., N.E. England, Borders
Scattered showers, sunny intervals. Max. 10C (50F).

S.W., N.W. England, Wales, Channel Isles
Cloudy, slight rain in places, becoming brighter from North. Max. 12C (54F).

Lakes, I.O.Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Showers or long periods of rain dying out. Sunny intervals later. Max. 12C (54F).

Rest of Scotland, Orkney and Shetland
Showers, some wintry, especially over high ground. Max. 10C (50F).

Outlook: Changeable in the North, mostly dry in the South.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	L. Plms.	S	21	70
Algiers	S	17	63	Lisbon	F	16	61
Amsdm.	S	8	46	Locarno	F	10	50
Athens	C	12	54	London	C	10	50
Barclna	F	13	55	Luxmbg.	S	8	46
Belfast	S	11	52	Luxor	S	34	93
Belgrd.	C	7	45	Madrid	S	13	55
Berlin	S	8	46	Majorca	C	15	59
Biarritz	S	9	48	Malaga	C	16	61
Bmghm	F	13	55	Malta	C	13	55
Blackpl	S	12	54	M'chstr.	S	14	57
Bordx.	S	11	52	Melbne.	S	22	72
Boulgn.	C	7	45	Milan	F	12	54
Bristol	S	12	54	Moscow	C	5	41
Brussels	F	9	48	Munich	Sn	1	34
Budpst.	C	7	45	Naples	F	12	54
Cardiff	S	10	50	Nwcstl.	S	11	52
Cas'b'ca	S	19	66	Nice	F	14	57
Cologne	S	11	52	Oporto	S	17	63
Cpnhgn.		9	48	Oslo	S	5	41
Corfu	C	15	59	Paris	C	9	48
Dublin	S	13	55	Prague	Sn	1	34
Dbrvnk.	S	13	55	Reykjvk.	F	4	39
Ednbgh	S	11	52	Rhodes	C	18	64
Faro	S	18	64	Rome	F	14	57
Florence	F	11	52	Salzbrg.	C	3	37
Frankft.	F	9	48	Stckhm.	F	13	55
Funchal	S	20	68	Strasbg.	C	8	46
Geneva	C	5	41	Tangier	F	18	64
Gibrltr	F	18	64	Tel Aviv	F	32	90
Glasgow	S	14	57	Tenerife	F	20	68
G'rnsey	C	8	46	Tunis	F	15	59
Helsinki	F	8	46	Valencia	S	17	63
Innsbrk.	C	5	41	Venice	F	11	52
Invrnss	F	11	52	Vienna	C	4	39
Istanbul	R	8	46	Warsaw	F	8	46
Jersey	C	8	46	Zurich	Sl	4	39

C—Cloudy F—Fair Fg—Fog R—Rain S—Sunny Sl—Sleet Sn—Snow

THE LEX COLUMN

Searching for the bottom line

The accounting profession has made its decision over current cost accounting. It is now up to the City to adapt to the new standard. The question is what SSAP 16 means to the "bottom line"; and also, perhaps, what it means to the dividend policy of companies when they shake off the legacy of past years of 10 per cent norms, and pay less attention to the rosy picture created by historical cost SSAP 15 earnings.

Remember that SSAP 15 is the deferred tax accounting standard which says that companies should only provide for deferred tax when it is likely to have to be paid within the foreseeable future (three years or so). Combined with historical cost profits swollen by the effects of rapid inflation, it has produced an outcome in practice in which industrial companies appear to enjoy dividend cover of over 2½ times.

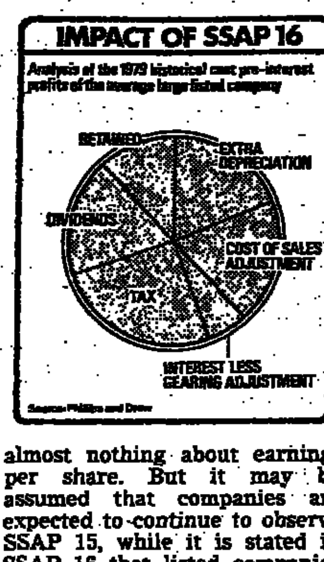
Sceptical analysts

So spectical has the investment community been of this that the Society of Investment Analysts was moved to ignore the decision of the accountants. Recommended investment practice has been to disregard the earnings per share figures produced by companies and to attempt to turn the clock back by calculating notional "fully taxed" earnings. This has been to replace a silly figure by an only slightly less silly one; but now there is an opportunity for the accountants and the investment analysts to re-engage.

Whether this opportunity will be accepted, could partly depend on a still to be counted opinion poll. In February the Society of Investment Analysts held a discussion meeting on the new definition of earnings per share required by SSAP 16. Members have been asked to fill in a questionnaire which covered such issues as whether earnings per share and p/e ratio figures should continue to be used at all, and if so whether a current cost definition should replace the historical cost one.

To give an idea of the complexity of the subject it is worth listing the choices the analysts were offered. They were HC "full effective tax," HC standard rate tax, HC stated, CC total gains, CC Sandilands-type and CC SSAP 16-type. Respondents could also indicate still another method, or could reject all of them.

It is perhaps ironical in view of all this that SSAP 16 itself says nothing about taxation (nor do the accompanying official Guidance Notes) and almost nothing about earnings per share. But it may be assumed that companies are expected to continue to observe SSAP 15, while it is stated in SSAP 16 that listed companies should show current cost earnings per share based on the current cost profit attributable to equity shareholders.



For a company operating in the UK there should not be too many problems here. Capital allowances and stock relief provide a rough and ready adjustment of tax for inflation, and on average the current cost tax charge will probably come out somewhere in the region of 50 per cent.

There are complications, however, where there are substantial overseas operations, and the SSAP 15 approach may not be appropriate. This can lead to very high tax charges in current cost p and l accounts. Moreover there is the question of the advance corporation tax associated with a large dividend—this may well be unrecoverable.

At some time in the future, corporate taxation may be charged on a current cost basis, but that day seems a long way off. For instance, some decision would have to be made on whether the gearing adjustment should form part of taxable profits. The positioning of the gearing adjustment below the tax line in one of the alternative p and l account presentations in SSAP 16 may well represent in part a precautionary move to protect it from the tax man.

Normalising tax

It would be easy enough to achieve standard presentation. But there are more fundamental arguments about the appropriate tax charge. One argument is that tax should be "normalised" by applying a standard rate to UK earnings and charging actual overseas tax paid; but companies often fail to publish the information which could allow analysts to do this. It is easier simply to deduct the actual SSAP 15 tax charge, and this is presumably what companies themselves will do; but this raises the problem of the remaining deferred tax which some companies are charging, because the directors, perhaps cautiously, believe it will soon become payable.

The three stockbroking firms which have published extensive current cost profit estimates for companies, Phillips and Drew, De Zoete and Bevan, and W. Greenwell, all appear to take a slightly different approach to the tax question. This lack of conformity could pose problems when, for instance, the Financial Times come to decide on the way in which current cost earnings, dividend cover and price-earnings ratios should be presented on the prices pages.

Dividend cover

There could also be awkward decisions, of course, for companies, which up to now seem mostly to have ignored current cost earnings in determining dividend policy. The 1980 results will be a poor platform for the launching of mandatory current cost earnings, and it looks as though a great many industrial companies will have difficulty in covering a maintained dividend on this accounting basis.

In the transitional period, sudden readjustment is unlikely. The last Bank of England Bulletin pointed out that companies now have a great deal of freedom to distribute their real capital, something that company law, because of inflation, is now ineffective at restricting (at least when the statutory accounts are still drawn up on the historical cost basis). There is indeed a view that low return companies should deliberately overdistribute, because they cannot earn an adequate real return on reinvested cash flow, and there is no tax penalty when the dividends are received by the increasingly dominant pension funds.

Yet it is unlikely that many companies actually see it this way, and it must be assumed that an eventual broad adjustment to underlying real earnings will be achieved. It is not going to be at all easy, however, to arrive at one single earnings number which will be viewed as satisfactory by management, accountants and investors.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.